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Czech Prime Minister Quits As Instability Shakes Nation



Jan Trenik/Agence France-Presse

Vaclav Klaus, left, handing President Havel his resignation letter Sunday.

Economic Jolts Weakened Klaus

By Jane Perlez
New York Times Service

PRAGUE — Prime Minister Vaclav Klaus was forced to resign Sunday, abandoned by his party and forsaken by the international financial community.

President Vaclav Havel met with leaders of the three coalition parties in an effort to persuade them to form a new government and name a new prime minister.

His aides said that Mr. Havel would urge the three parties to hang together as a government until early elections are called, probably next spring. If no one from among the fractious parties wanted to be prime minister, Mr. Havel would be free to appoint a government of experts, they said.

Mr. Havel later said that talks on forming a government would be delayed until after the Dec. 13 extraordinary congress of Mr. Klaus's Civic Democratic Party.

One thing appeared certain, politicians here said: Czech politics has lost the stability that had distinguished the country from the rest of Central Europe.

Once an almost invincible politician, whose popularity sometimes rivaled that of President Havel, Mr. Klaus has been losing support since before parliamentary elections last year. His party fared poorly in those elections and he was forced to form a minority coalition government.

In the spring, a currency crisis forced the government to devalue the koruna, after Mr. Klaus had insisted that that would not be necessary.

Mr. Klaus, a disciple of the American economist Milton Friedman, only grudgingly agreed in the last few months to plans for a securities exchange commission to regulate the scandal-ridden stock market. A number of small and medium-sized banks have collapsed this year, adding to the sense of unease in the economy.

Most Czechs are not feeling richer, as Mr. Klaus promised five years ago, and many now know they may face unemployment as companies are forced to restructure. The main opposition politician, Milos Zeman, head of the Social Democratic Party, was able to muster about 80,000 people to an anti-Klaus rally in Prague in November. It was the largest demonstration since the end of communism in 1989.

The political upheaval had been brewing for months, largely because of corruption scandals in the stock market and the weak performance of the economy. But Mr. Klaus's undoing appeared to accelerate with a financial scandal within the Civic Democratic Party.

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Forecast for Climate Talks: Storms

National Interests Clash on Averting Global Warming

By William K. Stevens
New York Times Service

KYOTO, Japan — In its 4.5 billion years of existence, the Earth has withstood deep cold that nearly turned the entire planet into a ball of ice and blazing heat that opened the Arctic to alligators and other warm-weather creatures.

Compared with that, and even with far less extreme climatic swings in the 10,000 years since the end of the last ice age, today's climate — for all its sometimes sharp variations — is remarkably stable.

Now, for the first time, humans are altering the atmosphere in ways that mainstream scientists believe are threatening to shatter that relative calm and set off a new round of climatic disruption and extremes.

Starting Monday, representatives of more than 150 countries will meet in Kyoto to take what they hope will be the first step in a decades-long effort to cope with the prospect of global climate change. Rarely, if ever, has humanity made an attempt like this one: to exercise deliberate, collective foresight on a risk whose full impact is unclear and will not be felt for decades.

And rarely has any question on the global bargaining table been so difficult.

The negotiators' task is to agree on measures that would begin to reduce emissions of waste industrial gases that trap heat in the atmosphere. Chief among these greenhouse gases is carbon dioxide, which is spewed into the air every day around the globe by the burning of coal, oil and natural gas in power plants, factories and motor vehicles.

The world relies on these fuels, and any action to control their use would reverberate in every corner of the global economy. This attempt to manipulate the world's energy system has set off a complex clash of economic and political interests.

Among other things, it pits rich countries against poor ones, rich countries against one another and the nations and industries that produce fossil fuels (as well as some industries that use them heavily) against much of the rest of the world. Even as the great majority of players say they accept the need for common action, each is making its own calculation of cost and benefit, advantage and disadvantage.

The panel of scientists from around the world who advise the negotiators under United Nations auspices has said that if no action is taken, the average surface temperature of the globe will rise one to two six degrees Fahrenheit by the end of the next century and more after that.

That might not sound like much, and it is a far cry from the deepest cold and hottest heat of the remote past. But it is not trivial; the difference between the average temperature now and that at the depths of the last ice age, about 20,000 years ago, is only five to nine degrees.

It would be more warming, coming more rapidly, than the planet has experienced in the last 10,000 years, the period in which human civilization arose. It could profoundly affect the earth's climate.

The seas would rise, according to the panel of scientists, inundating many coastal areas and swamping small island nations. The world as a whole would become rainier, with most of the increase coming in the big downpours that cause floods. At the same time, drought-prone areas would get more droughts.

Climatic zones would shift away from the poles, the scientists predict. Since the warming would be unusually rapid, many natural ecosystems might be unable to adjust and whole forest types could disappear. Growing seasons are already lengthening in northern latitudes, and temperate-zone agriculture might benefit in the long run. But in dry areas, like much of Africa, warming could bring agricultural and economic ruin. Tropical diseases like malaria and dengue fever could spread. And while temperate-zone winters would be milder, summer heat waves would be more intense and deadly. The list goes on.

Such forecasts, of course, are rife with uncertainty. But many scientists say they believe that much of the impact is unavoidable. The implication is

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Financial Turmoil In Asia Lessening Chances of Success

By Mary Jordan
Washington Post Service

KYOTO, Japan — The odds against more than 150 countries signing a breakthrough climate treaty were always long. But an unexpected new problem — Asia's financial crisis — has deepened the doubt that world leaders will endorse a costly plan to help stop the Earth's warming trend.

As thousands of government officials and environmentalists arrived in this ancient Japanese city Sunday for the United Nations Framework Convention on Climate Change, many Asian countries were preoccupied with bankruptcies, diving stock markets and the dwindling value of their currencies.

"The financial crisis is now," said Melinda Kimble, the lead U.S. negotiator attending preliminary talks for the conference, which officially opens Monday. By contrast, she said, global warming is "very long-term."

She said the region's financial difficulties would affect the mood of the conference and color its discussions.

"We raise questions about climate change," she said, "and what we hear back is, 'We have a financial crisis to deal with.'" A top official of Green-

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Katsumi Kasahara/The Associated Press

Mayor Yorikane Masumoto of Kyoto leading a bicycle rally Sunday, the eve of the UN conference, to appeal for environmental responsibility.

Pakistan Prime Minister Lashes Out at President

Army Could Intervene Soon, Diplomats Say

By Raymond Bonner
New York Times Service

ISLAMABAD, Pakistan — Pakistan's prime minister sharpened his attacks Sunday on the president and the Supreme Court, and with the antagonists showing no sign of compromise, Western diplomats said there was an increasing likelihood that the army would be forced to step in.

All hope for a peaceful resolution of the crises seemed to evaporate Sunday evening when Prime Minister Nawaz Sharif assailed Pakistan's president and the Supreme Court, blaming them for precipitating a crisis that has paralyzed the government and caused considerable economic damage.

Amid the turmoil, the visit of a senior U.S. military commander here was put off. Pakistan's Army asked late Saturday that General Anthony Zinni, head of the Central Command, postpone his visit.

The prime minister has been battling the high court for months, ever since the justices reinstated a corruption inquiry against him and blocked a constitutional amendment aimed at strengthening his powers. On Friday, a mob supporting Mr. Sharif attacked the court building.

The prime minister said Sunday that during the two-month-long crisis, the country had lost $200 million in foreign exchange. "If people look at what has been happening in the last few weeks, they will see who has been conspiring against the interests of the country," Mr. Sharif said in an address to the nation.

He accused the court of "tearing the constitution into pieces," and said the president "does not help the Parliament in its efforts to protect the constitution."

The political crisis began early in November when Mr. Sharif criticized the Supreme Court, which is a crime in this country. The court is now hearing a contempt case against the prime minister, arising out of his verbal attacks. If found guilty of contempt, Mr. Sharif could be removed from office.

The court also has before it cases in which the prime minister has been charged with corruption, for allegedly awarding a shipping contract to a friend in Washington during an earlier term as prime minister. This would be a serious

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AGENDA

Seoul and IMF Agree on Rescue

South Korea reached agreement with the International Monetary Fund on an aid package. Neither Finance Minister Lim Chang Yuel nor the IMF negotiator, Herbert Neiss, gave details, but sources said the package would be between $50 billion and $60 billion. Page 11.

NASA Drops Solar Mission

CAPE CANAVERAL, Florida (Reuters) — NASA has given up hope of salvaging the Spartan solar science mission because of dwindling fuel supplies on the space shuttle Columbia. Astronauts had rescued Spartan after a botched release left it spinning in space and had hoped to set it free again.

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The IHT on-line www.iht.com

Dutch Candidate Backed for EU Bank

Leader of Netherlands Warns Against 'Politicization' of Single Currency

By Alan Friedman
International Herald Tribune

PARIS — Calls for a quick solution to the controversy over who will become the first president of the future European Central Bank, Prime Minister Wim Kok of the Netherlands said that "the overwhelming majority" of the European Union governments were backing the candidacy of Wim Duisenberg, a fellow Dutchman.

Mr. Kok also said that the debate over the central bank post — triggered by the French move last month to nominate the governor of the Bank of France, Jean-Claude Trichet, despite a growing consensus in favor of Mr. Duisenberg — could damage the credibility of Europe's single currency project.

"We should be careful that the whole debate over the European central bank doesn't have a damaging impact," Mr. Kok said in an interview. "The last thing we need is politicization of the euro decision-making process."

"I would prefer a quick and solid solution," he said. "We should not worsen the climate around the euro, and time is running [out]." He added that "the overwhelming majority of EU governments are supporting Mr. Duisenberg's candidacy."

The move by President Jacques Chirac to nominate Mr. Trichet has created bad blood in European diplomatic circles and raised fears that France was seeking to exert indirect political influence over the delicate issue of how interest rates would be decided once the euro was introduced in 1999.

The candidacy of Mr. Duisenberg — a former central bank chief who now heads the European Monetary Institute in Frankfurt, the forerunner of the ECB — is backed by Chancellor Helmut Kohl of Germany and by Hans Tietmeyer, president of the Bundesbank.

The Dutch prime minister contended that when Mr. Duisenberg agreed to accept the job as head of the monetary institute last year, the governors of each of the other 14 EU central banks were asked if they would support him as the future head of the European Central Bank. "He got a positive response from all of the governors, including Mr. Trichet," Mr. Kok said.

Asked to confirm Mr. Kok's comment, a spokeswoman for the Bank of France declined to comment, but noted that the decision over who would head the future European Central Bank was expected to be made in the spring.

Mr. Kok's remarks, came amid mounting speculation that a compromise between France and Germany may be in the offing.

The Monday edition of Der Spiegel magazine reports that a secret deal has been made between Paris and Bonn, under which Mr. Duisenberg would serve only four years of his eight-year term, and then hand the post over to Mr. Trichet.

Jacques Santer, president of the European Commission, was quoted as saying that any such compromise was "not in line with the spirit of the treaty." He said that the Maastricht Treaty called for a long mandate to guarantee the bank's independence.

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Israeli Cabinet Supports Conditional Withdrawal

By Serge Schmemann
New York Times Service

JERUSALEM — The Israeli cabinet gave its approval in principle Sunday to ceding more territory to the Palestinians before a final settlement is reached, though the decision was couched in tough conditions, and it left open how much to transfer and when.

The cabinet also insisted that before any concrete withdrawal is discussed, Prime Minister Benjamin Netanyahu must present his plan for a final settlement, in which he must specify which areas he intends to retain for Israel, and "other vital interests."

The decision, which was announced by the cabinet secretary, Danny Naveh, said Mr. Netanyahu and a ministerial team composed of Foreign Minister David Levy, Defense Minister Yitzhak Mordechai and Infrastructures Minister Ariel Sharon were to prepare proposals to submit to the cabinet "forthwith." Mr. Naveh said this could be as early as next week.

While the decision appeared to take a step toward the American and Palestinian demand that Mr. Netanyahu carry out the long overdue withdrawals he has pledged to make, it was also sufficiently noncommittal to satisfy the prime minister's rightist constituency.

Israeli commentators said the lopsided vote in favor of the decision — 16 to 0 with two abstentions — demonstrated the confidence of hard-liners in the cabinet that they were not approving any territorial concession — nor, in fact, any concrete decision.

In particular, the government's pledge to produce a concrete plan for the final settlement before any further withdrawals are made satisfied a major demand of the right, that Mr. Netanyahu

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Challenger Puts the Heat on Moi

Woman Brings Opposition Hope of Victory in Kenyan Vote

By Stephen Buckley
Washington Post Service

NAIROBI — Charity Ngilu has promised to remain in office as Kenya's president for one term only. She has pledged to smother corruption in one of the world's most corrupt countries. She has implored Kenyans to make her their next president because of something she is not: a traditional, Old Guard politician.

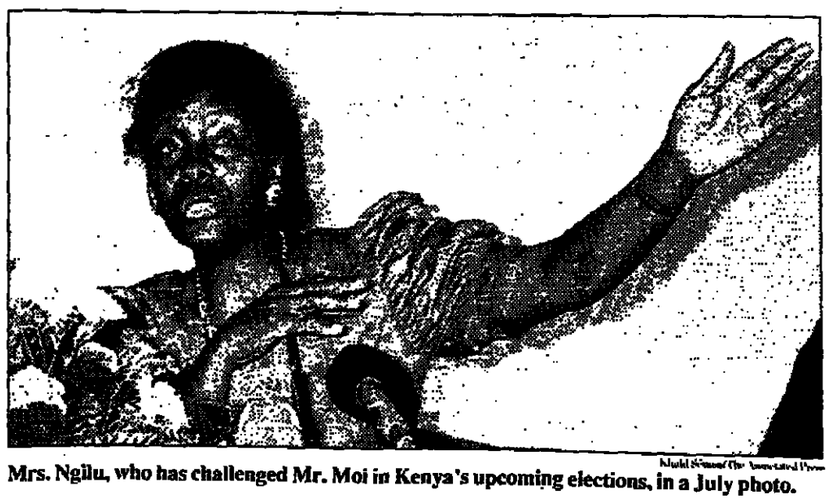
As Kenya's opposition scrambles to prepare for presidential elections Dec. 29, a kind of political schizophrenia has come over this East African country.

On the one hand, pervasive disunity, disorganization and lack of resources dog opposition politicians here even more so than in 1992, when Kenya held its first multiparty elections. On the other, there is an increasing sense that if the opposition can force a second round of voting it may have a shot at removing from office President Daniel arap Moi, in power since 1979.

The top two vote-getters in the first round — virtually certain to include Mr. Moi — will move on to the second round if no candidate wins an overall majority of the vote and 25 percent of the votes in at least five provinces.

The sliver of optimism about opposition prospects has come from Mrs. Ngilu, who would become sub-Saharan Africa's first elected female president if she unseats Mr. Moi. A poll taken in late summer by the U.S. Agency for International Development

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Khalil Senna/The Associated Press

Mrs. Ngilu, who has challenged Mr. Moi in Kenya's upcoming elections, in a July photo.

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Silence Instead of 'Taps' / **'You Don't Do That to Our Men'**

Military Funerals Fall Victim to Cutbacks

By Eric L. Wee
Washington Post Service

WASHINGTON — On a crisp, sunny day in late October, Fred Connor's family gathered to bury him. The 56-year-old Vietnam veteran recently had died of cancer, and his family wanted a proper send-off. But after the long, white hearse rolled slowly through the gates of Quantico National Cemetery, things did not unfold as mourners expected.

The military honors team they thought would carry the coffin to the grave never showed up. Family members and friends finally did it themselves. Then as the service concluded, they waited in silence for the rifle salutes and the piercing sounds of taps. Nothing.

Instead, a U.S. Army representative arrived, presented a flag to the widow and told the chaplain there would be no bugle player or rifle detail. Recent cutbacks, he said, had done away with such formalities.

"I was flabbergasted," said Imagene Stewart, a friend of the Connor family who officiated at the funeral ceremony. "This man went to Vietnam, and you tell me his country can't have someone with a bugle out there to give him proper military rites? He didn't resist when he was called upon, and that's the way he gets treated?

"You don't do that to our men," she added.

For decades, bereaved families of honorably discharged army veterans in the Washington region could count on the 3d U.S. Infantry, known as the "Old Guard," to help lay their loved ones to rest. But 18 months ago, local army officials, faced with defense downsizing and increasing demands from the World War II generation, decided they no longer could provide the service.

The unit, based at Fort Myer, used to send a 10-member team to the funeral of any eligible veteran in its territory, which includes 25 counties stretching from the Washington to West Virginia.

Under the old procedure, a team would have carried Fred Connor's coffin. Later, seven men would have lined up with their rifles and fired three volleys. A bugle player would have sounded taps while a supervisor and an alternate watched.

But in recent years, the army has been finding it increasingly difficult to maintain the tradition. Staff reductions made it more difficult to commit a team to travel for hours to a remote area, taking nearly a dozen people from other duties. And the number of requests kept rising: In 1987, the Old Guard attended 3,543 funerals, including the ones in Arlington National Cemetery. This last fiscal year they presided over 4,400 ceremonies, and the demand is expected to continue growing.

The squeeze is being felt nationwide but is especially acute in places with high concentrations of veterans, like Washington.

Under the new policy in the Washington region, the army decided it would do what was required under Department of Defense guidelines — full honors for active military members and Medal of Honor recipients. Teams also would be sent to the funerals of retirees with 20 years or more of active duty. Other veterans would have at least one military representative to present a flag to the family.



Bill O'Leary/The Washington Post

"We saw that we just couldn't keep up with the pace," said Tom Groppel, director of ceremonies and special events for the U.S. Military District of Washington. "We wanted to perform the service in the worst way. But the reality was the numbers wouldn't allow us to continue. Our concern was that we would allow ourselves to be strung out so thin that we wouldn't be able to do a good job."

TO VETERANS like George Lussier, chairman of the Potomac Region Veterans Council, which raises funds for ceremonies at Quantico National Cemetery, the change is an outrage. He thinks the military should set up a full-time squad at Quantico and at other national cemeteries to deal solely with funeral services if staff shortages are the problem.

"We're talking about someone who never questioned why they went into battle," Mr. Lussier said. "Now it's coming to the time when they're passing, and we're not doing the right thing for them. This is their fond farewell, and they just want to know when their time comes, they will be honored properly for their service. It's not a lot of money, and even if it was a lot, so what?"

The problem the military faces is largely demographic. World War II veterans are aging and starting to pass away in larger numbers. In 1991, according to the Department of Veterans Affairs, 457,500 veterans died. This year, the number is expected to be 537,000, and it will rise to 620,000 in 10 years. Other branches also are feeling the pinch, but the army faces the bulk of the problem.

Addressing the question last year, the army's Casualty and Memorial Affairs Operation Center, which handles burial issues nationwide, chose to continue allowing local commanders to decide whether they could field an honor detail to area funerals. But army officials said that increasingly, those commanders are deciding they do not have the staff.

A related problem, officials say, is that army bands are coming under the budget ax, so bases also are losing the people who can play taps.

Harry Campbell, dispositions chief for the operations center, said base commanders sometimes have not been able to send an honor team to funerals for generals. "They look at someone with two silver stars, and they know they have someone that should be recognized," Mr. Campbell said. "They appreciate the hardship these guys went through, and they want to support them. They just can't do it."

So the armed forces are looking more to such groups as the Veterans of Foreign Wars and the American Legion to fill the void. The army's Washington district in recent years has produced videos to guide these groups in performing the honor guard duties. It has also offered the use of rifles for ceremonies and cassette tapes of taps.

But members of these veterans groups are aging as well, and some, like Tony Baskeville, a national official with the Disabled American Veterans organization, worry that well-intentioned senior citizens can no longer perform the ceremonies with the required crispness. Others complain that a canned version of taps blaring from a boombox just does not carry the right message.

Another idea is to extend the honor guard function to the National Guard and military reserve units. In May, Representative Paul Kanjorski, Democrat of Pennsylvania, introdnced a bill to that effect.

Veterans deserve "all the military honors we can provide," Mr. Kanjorski said. "Not doing that is the last thing I want to have happen. It's the last thing that should happen."

Mandela Inquiry Casts Shadow on South Africa

By Lynne Duke
Washington Post Service

JOHANNESBURG — The cast of characters ranged from the sublime to the profane. The kaleidoscope of testimony spanned fact, fiction and spectacularly vicious rumor.

In five days of testimony by 25 witnesses, South Africa's Truth and Reconciliation Commission has attempted to uncover the truth about murders and other abuses committed by the 1980s bodyguard squad of Winnie Madikizela-Mandela and the role that South Africa's most famous woman played in those abuses.

But in plumbing the depths of the depravity that coursed through the squad, the truth commission has unearthed a series of other truths that South Africa is uncomfortable exposing.

The Madikizela-Mandela hearings, which are to continue this week and culminate with her own testimony, have become a window onto some of the deepest weaknesses, compromises and moral conflicts inherited from the apartheid era of white-minority rule as well as from the black struggle against it.

Hundreds of spectators, victims, politicos and journalists gathered at the Johannesburg Institute of Social Services each day last week for the sadly sobering spectacle of this truth-seeking process.

Mrs. Madikizela-Mandela's character is some of the most contested terrain in the nation. People want to know: Did she give orders for her bodyguards to kill? Did she kill anyone herself? Or is she being persecuted for her fire, her independence? The truth commission is probing these questions, and one day, perhaps, the truth will be known.

But the moral scrutiny to which Mrs. Madikizela-Mandela is being subjected is being shared far and wide. The truth panel has asked hard questions about powerful figures around her and why they could not or did not act more forcefully to put a brake on her "Mandela United Football Club," the euphemistically named bodyguard squad, and the extent to which delicate political calculations impaired their ability to act.

This scrutiny is being focused on the African National Congress, led by Mrs. Madikizela-Mandela's former husband, President Nelson Mandela, who was serving 27 years of imprisonment at the time her club's abuses were committed. It is focused also on the clergy who helped in the anti-apartheid struggle, and on the law enforcement community that tried to stop black liberation but has now, to a large extent, been absorbed into the new democratic order.

These conflicts cut to the heart of the ANC, which, a decade after the events in question, is still trying to manage the phenomenon known simply as "Winnie."

For several days, a central question loomed over the process. It is the question of how leaders, in trying to manage or navigate around Mrs. Madikizela-Mandela, were affected by her stanure as "Mother of the Nation." Finally, on Thursday, a truth commissioner, Dumisa Ntsebeza, put it straight out.

"Even as we ask questions of you, we don't put it directly to you," he said in prefacing this most delicate of questions. "You were dealing with a powerful political leader in her own right, as well as the wife of one of the nation's most revered leaders. Did that weigh heavily with you to the point where you were prepared to accept her say-so?"

Otto Mbangula, a Methodist clergyman involved in efforts to negotiate in one of several crises that surrounded Mrs. Madikizela-Mandela in the late 1980s, was the only one of those asked who could or would admit what seemed obvious.

"I think it is true, that what you have described must have been," he said.

Mrs. Madikizela-Mandela was the ANC's public face inside the country while the party was banned and in exile during the three decades ending in 1990.

But another symbol emerged in the late 1980s. His name was Stompie

Another symbol emerged in the late 1980s. His name was Stompie Seipei.

Moekhetsi Seipei, a 14-year-old activist, who in death came to symbolize the extent to which something had gone terribly awry in the universe that Mrs. Madikizela-Mandela inhabited.

Stompie Seipei was one of four youths abducted by the football club from a Soweto church and taken to Mrs. Madikizela-Mandela's home in late 1988. Stompie Seipei was found up dead — beaten severely, stabbed in the neck, his body found in early 1989. Mrs. Madikizela-Mandela was convicted in 1991 for his kidnaping, with an accessory to assault conviction thrown out the following year on appeal.

But in early 1989, before anyone but his killers knew what had happened to him, rumors coursed through Soweto that such an abduction had occurred. A crisis committee was activated within the United Democratic Front, the internal surrogate for the ANC while the ANC was banned and exiled.

This week, some of the most prominent political figures of that era, who have become some of the most prominent figures in the new, attempted to explain their actions as they spoke in the formal language of politicians walking a tightrope. They explained their "negotiations" with Mrs. Madikizela-Mandela to secure the release of the abducted youths.

"We had to be as diplomatic as possible and also be as assertive as possible," said Sydney Mufamadi, a former leader of the ANC and now the minister of safety and security. "You can understand how difficult it was," he told the truth commission panel.

But the front committee was created in response to an earlier crisis over football club violence before the boys were abducted. So questions arose last week over whether did enough, early enough, to try to prevent a death like Stompie Seipei's.

When such a question was put to the committee in a news conference, Frank Chikane, a clergyman from the front days and now a top aide to the nation's deputy president, laid out.

"I did everything possible. I think we achieved what we could achieve," he said. "Why should I be accused?"

At Children's Funeral, Iraqis Protest UN Sanctions

The Associated Press

BAGHDAD — UN arms inspectors went about their business Sunday as thousands of Iraqis shouting "Down With America" took part in a funeral for dozens of children whose deaths Iraq blames on United Nations sanctions.

About 100 wooden caskets were carried on cars and orange-and-white Baghdad taxis in a government-sponsored funeral procession under rainy skies.

Iraq maintains the children, some less than a year old, died for lack of food or medicine in the past two days. They blamed the deaths on UN sanctions imposed on Iraq after its 1990 invasion of Kuwait. The sanctions prevent Iraq from exporting its oil and have devastated the country's economy.

It was not possible to independently confirm the number of children dying or the cause of their deaths.

Iraq maintains it has fulfilled the UN Security Council resolutions requiring it to eliminate its weapons of mass destruction, but the arms inspectors have accused President Saddam Hussein's government of hiding weapons or the means to make them.

The government issued a statement late Saturday urging the world to accept Iraq's invitation for UN experts and diplomats to visit presidential palaces, which arms inspectors say may be used to hide weapons. The statement defended Iraq's refusal to allow the UN arms inspectors now in the country to take part, saying their presence in the palaces would threaten Iraqi sovereignty.

The UN inspections were called off for three weeks after Iraq refused to allow American inspectors to take part, claiming they were spies. When Iraq threw out the Americans, UN officials withdrew other inspectors in protest. The government agreed to the Americans' return Nov. 22 under a Russian-mediated plan.

Also Sunday, the UN humanitarian coordinator for Iraq, Denis Halliday, left for New York to take part in the UN debate on renewing the oil-for-food program for a third six-month period.

Under the UN-approved program, Iraq is allowed to export $2 billion in oil every six months to buy food and medicine. Mr. Halliday has said oil exports should be increased because the money coming in now does not meet Iraq's needs.

On Saturday, Iraq reversed itself and said it would not oppose the renewal of the oil-for-food program. Earlier it had argued for a complete lifting of sanctions rather than continuation of the limited program.

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TRAVEL UPDATE

Egypt Halves Domestic Airfares

CAIRO (Reuters) — Egypt is slashing domestic airfares by 50 percent to encourage tourism in the wake of the massacre by Muslim militants of 58 foreign tourists in Luxor, an EgyptAir official said Sunday.

Hussein Hosni, head of sales at the state airline, said the reductions would start Monday and stay in force for three months.

The government newspaper Al Ahram said the decision to halve domestic air fares was made at a meeting Saturday of Prime Minister Kamal Ganzouri, Tourism Minister Mamdouh Beltagi and tourism industry representatives.

Roads Are Reopened in Colorado

DENVER (AP) — Major highways have been reopened in southern Colorado after being blocked by heavy snow, and hundreds of travelers hit the road after spending a night in emergency shelters.

One death was attributed to the storm, which piled up snow from Thursday night through Friday, 40 inches (a meter) and more in some cases. About 4,500 customers lost power west of Pueblo, but service was restored to most places Saturday.

Interstate 25 was closed for about 85 miles (135 kilometers) from Pueblo to the New Mexico state line. Both southbound and northbound lanes were reopened by midday Saturday, the authorities said. Other highways also were closed around Walsenburg, Kit Carson and Limon.

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Barbados, Central African Republic, Chad, Macau, Portugal, Romania.
TUESDAY: United Arab Emirates.
WEDNESDAY: Sudan.
FRIDAY: Ghana, Haiti, Netherlands Antilles, Thailand.
SATURDAY: Finland, Spain. *Sources: J.P. Morgan, Bloomberg*

WEATHER

Europe

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Algarve	17/62	10/50 pc	18/64	12/53 pc
Amsterdam	4/39	1/34 pc	4/39	-1/31 pc
Ankara	10/50	2/35 pc	9/48	1/34 sh
Athens	16/61	11/52 r	17/61	11/52 pc
Barcelona	11/52	7/44 pc	11/52	1/34 s
Belgrade	13/55	9/48 sh	12/53	4/39 r
Berlin	8/43	1/34 r	2/35	1/34 sn
Brussels	4/39	-1/31 c	2/35	-3/27 sn
Budapest	9/48	8/46 r	9/48	6/43 r
Copenhagen	4/39	2/35 sn	4/39	2/35 sn
Costa Del Sol	17/62	11/52 pc	19/66	12/53 pc
Dublin	5/41	1/34 pc	6/43	0/32 c
Edinburgh	3/37	-0/29 c	3/37	-1/31 pc
Florence	11/52	6/43 r	7/44	1/34 r
Frankfurt	5/41	2/35 r	3/37	1/34 sn
Geneva	2/37	-3/27 c	0/32	-9/16 sn
Helsinki	-4/25	-8/22 sn	-4/25	-9/22 sn
Istanbul	14/57	12/53 sh	15/59	9/48 c
Kiev	2/35	-1/31 sn	1/34	-1/31 f
Las Palmas	28/79	19/66 pc	25/77	18/64 pc
Lisbon	13/55	11/52 sh	15/59	11/52 c
London	4/39	-0/29 pc	3/37	-3/27 pc
Madrid	11/52	5/41 c	13/55	1/34 pc
Mallorca	14/57	7/44 pc	17/62	2/35 s
Milan	8/46	-2/29 pc	1/34	-7/20 sn
Moscow	-8/18	-11/13 sn	-7/20	-8/18 sn
Munich	2/35	-4/25 sn	-4/25	-8/18 sn
Nice	14/57	4/39 pc	9/48	-3/27 pc
Oslo	-1/31	-3/27 sn	-2/29	-6/22 sn
Paris	2/35	-3/27 sn	-1/31	-7/20 sf
Prague	4/39	-1/31 r	1/34	-3/27 sn
Reykjavik	3/37	-0/29 s	2/35	1/34 s
Riga	1/34	1/34 sn	2/35	1/34 sn
Rome	14/57	8/46 r	12/53	3/37 sh
St. Petersburg	-6/22	-7/20 c	-4/25	-5/24 sn
Stockholm	1/34	-2/29 sn	-1/31	-3/29 sn
Strasbourg	4/39	-4/25 c	0/32	-6/22 c
Tallinn	-3/29	-3/27 sn	-2/29	-3/27 sn
Thilisi	12/53	3/37 pc	14/57	6/43 s
Venice	8/46	2/35 r	4/39	-2/29 sn
Vienna	6/43	4/39 r	4/39	1/34 sn
Warsaw	6/41	4/39 r	4/39	3/37 r
Zurich	4/39	-3/27 sh	-3/29	-7/20 sn

Middle East

Abu Dhabi	29/84	17/62 s	29/84	17/62 s
Beirut	20/68	14/57 c	22/71	13/55 pc
Cairo	24/75	12/53 s	25/77	12/53 s
Damascus	18/64	7/44 pc	20/68	6/43 pc
Jerusalem	17/62	7/44 s	18/64	7/44 s
Luxor	28/82	6/43 s	30/86	8/46 s
Riyadh	29/79	13/55 pc	29/77	13/55 pc

Africa

Algiers	15/59	6/43 c	18/64	8/46 pc
Cape Town	20/68	14/57 pc	18/64	9/48 pc
Casablanca	22/71	10/50 s	20/68	11/52 s
Harare	23/73	11/52 sh	23/73	10/50 sh
Lagos	32/89	24/75 s	32/89	24/75 pc
Nairobi	26/79	14/57 c	27/80	13/55 c
Tunis	18/61	7/44 s	19/64	7/44 pc

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream — Unseasonably Cold — Unseasonably Mild — Heavy Rain — Heavy Snow

North America
Dry and warm across the Northwest Tuesday and Wednesday, but it may shower by the coast Friday. Chilly in the Northeast with showers of rain and higher-elevation snow. The Midwest will be mild Tuesday, then colder with rain changing to snow. Nice in the Southwest.

Europe
Russia and all of northern Europe will remain cold with occasional snow and flurries. That cold air will plunge southward into western and central Europe, bringing a few flurries to Paris and London. Soaking rain over Italy Tuesday will head slowly eastward into the Balkans and Greece.

Asia
Dry and cold in Beijing and Seoul Tuesday, but temperatures will moderate by Thursday. Tokyo will remain cool and dry through the period with some sun each day. Soaking rain will cover much of southeastern China from Taiwan inland to Sichuan province. Southern Tibet will also have rain.

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather.

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Asia

	Today High	Today Low/W	Tomorrow High	Tomorrow Low/W
	C/F	C/F	C/F	C/F
Almaty	5/41	2/35 pc	5/41	-3/27 sh
Bali	33/91	27/80 t	33/91	21/70 pc
Bangkok	32/89	27/80 pc	29/84	19/66 pc
Beijing	-4/25	-5/23 s	-3/29	-10/15 s
Bombay	31/88	26/79 s	29/84	18/64 s
Calcutta	22/71	12/53 sh	23/73	13/55 pc
Chiang Mai	31/88	22/71 pc	33/91	14/57 c
Colombo	29/84	23/73 c	29/84	23/73 r
Hanoi	20/68	15/59 sh	19/66	14/57 c
Ho Chi Minh	32/89	24/75 pc	31/88	21/70 pc
Hong Kong	24/75	18/64 pc	19/66	14/57 c
Islamabad	23/73	9/48 s	20/68	3/37 c
Jakarta	31/88	24/75 t	30/86	23/73 r
Karachi	29/84	22/71 s	29/84	11/52 s
K. Lumpur	31/88	24/75 pc	31/88	22/71 r
K. Kinabalu	29/84	23/73 pc	29/84	23/73 r
Manila	29/84	24/75 s	29/84	21/70 pc
New Delhi	22/71	14/57 s	22/71	6/43 s
Phnom Penh	30/86	23/73 s	29/84	21/70 pc
Phuket	32/89	27/80 pc	29/84	18/64 pc
Rangoon	33/91	26/79 pc	31/88	17/62 pc
Seoul	1/34	-4/25 sn	-0/32	-10/14 s
Shanghai	11/52	4/39 r	8/46	-1/31 s
Singapore	29/84	23/73 r	29/84	23/73 c
Taipei	24/75	17/62 r	17/62	13/55 sh
Tokyo	13/55	5/41 r	13/55	3/37 s
Wenzhou	32/89	22/71 pc	27/80	14/57 pc

North America

Anchorage	-3/27	1/34 c	-5/24	-9/16 sf
Atlanta	17/62	7/44 s	13/55	3/37 s
Boston	6/43	2/35 sn	3/37	-2/29 pc
Chicago	6/43	2/35 s	8/46	-3/29 pc
Dallas	13/55	3/37 c	9/48	3/37 sh
Denver	7/44	2/35 pc	4/39	-9/16 pc
Detroit	6/43	2/35 pc	6/43	-3/29 pc
Honolulu	29/84	24/75 s	27/80	19/66 sh
Houston	20/68	14/57 pc	17/62	7/44 sh
Los Angeles	18/64	14/57 s	21/70	7/44 pc
Miami	25/77	21/70 s	26/79	19/66 pc
Minneapolis	3/37	1/34 c	5/41	-6/22 pc
Montreal	-3/27	-6/21 sn	-3/27	-9/16 pc
Nassau	28/82	24/75 sh	29/84	22/71 s
New York	7/44	4/39 pc	4/39	-1/31 pc
Orlando	22/71	12/53 s	23/73	11/52 pc
Phoenix	17/62	8/46 sh	17/62	6/43 pc
San Fran.	17/62	12/53 s	14/57	7/44 pc
Seattle	9/48	3/37 c	11/52	4/39 pc
Toronto	1/34	-2/29 pc	3/37	-4/25 s
Vancouver	9/48	3/37 sh	13/55	7/44 pc
Washington	9/48	3/37 s	6/43	-1/31 s

Latin America

Buenos Aires	24/75	13/55 s	24/75	11/52 sh
Caracas	28/82	23/73 pc	28/82	21/70 pc
Lima	26/79	19/66 pc	24/75	19/66 pc
Mexico City	22/71	10/50 pc	20/68	8/46 pc
Rio de Janeiro	27/80	23/73 pc	28/82	22/71 pc
Santiago	26/79	11/52 s	21/70	6/43 pc

Oceania

Auckland	20/68	12/53 pc	20/68	17/62 sh
Sydney	27/80	19/66 pc	29/84	20/68 s

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THE AMERICAS

Gore Wires Up the Vice Presidency

An E-Mail Addict, He Uses Laptop as Communications Center

By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — When President Bill Clinton travels, a black suitcase containing the codes to launch nuclear weapons is always with him.

Vice President Al Gore's sidekick is a black IBM laptop computer.

Unlike Mr. Clinton's suitcase, Mr. Gore's ThinkPad 560, which cannot launch missiles is always in use: on Air Force Two; in the limo; in the backstage "holding room" before he gives a speech. Almost any time and place he has a free minute and "secure" telephone connection, he checks his electronic mail.

Mr. Gore is an e-mail addict, people on his staff say. Every day, he reads through more than a hundred messages and sends out almost as many, sometimes doing it from his residence late into the night. During staff meetings in his office, White House aides say, he often has one eye on his computer screen, scanning through new arrivals in his mailbox.

He is just as psyched about the rest of the Internet. In a recent interview, the vice president demonstrated his technological prowess, taking a reporter on a tour of his favorite World Wide Web sites.

Starting off with his White House homepage on the screen (http://www.whitehouse.gov/WH/EOP/OVP/html/GORE_Home.html), he jumped to a site called MaQuest, which he uses whenever his children need directions. Then there were the weather pages, which, he said, he usually always look at before I travel.

Next came the politics sites, including one run by CNN and Time magazine called AllPolitics. "I never use those," he quipped.

After dropping in on an investment-related site and one devoted to technology news, Mr. Gore showed off several software applications he had downloaded from the global network and configured to work on his machine. One included a horizontal map of the world that sits in the corner of one's screen and shows where it's daytime and where it's dark. "It's like the clocks they have at the CIA," Mr. Gore said proudly. "Except they use a thousand-dollar version that hangs on the wall. I got this one for something like 25 bucks."

Mr. Gore has long had a reputation of being steeped in the stellar issues of technology policy. He popularized the term "information superhighway." He has crusaded to connect the nation's schools to the Internet and develop a super-fast version of the computer network. He hobnobs with Microsoft Corp.'s chairman, Bill Gates, and a coterie of West Coast technology gurus.

The vice president is known for having the proper 'Netiquette.'

But over the last few years Mr. Gore has made technology a central part of not just his stump speeches but his own office. For the vice president's staff, clustered in the West Wing of the White House and the adjoining Old Executive Office Building, e-mailing has become the primary method of communication — especially with the boss.

People at all levels, from young speechwriters to Mr. Gore, troll the Internet to read out-of-town newspapers and conduct research. In meetings, Mr. Gore often draws on a large, erasable "white board" that sends a copy of his scribblings to a computer file.

The result has been one of political Washington's most atypical workplaces. Junior staffers frequently message Mr. Gore directly with questions, cutting through layers of bureaucracy. "He's the vice president," said Greg Simon, Mr. Gore's former chief domestic policy adviser. "You just can't pop in and ask him a question." But you can with e-mail. At the same time, Mr. Gore says he uses e-mail so he won't bother his subordinates.

"I just find e-mail to be a much easier way to communicate because you don't have to worry about calling your staff on the telephone at a time when they're in the middle of doing something else or when the number is busy or when they're out eating lunch or they really ought to be devoting their time to a higher priority matter than the one I want to get an answer to," Mr. Gore said. "Yet, if I call them, they're going to think, 'This is the top priority right now,' and it's really not."

Meeting with advisers for a substantive face-to-face conversation generally requires blocking off time on his calendar days in advance. "With e-mail, he can communicate with anybody on the staff, even the most junior people," said Daniel Pink, Mr. Gore's former chief speechwriter. "In many ways, he defies the generational divide in the White House."

Mr. Gore is known for having proper "Netiquette." He generally responds to important messages within 24 hours, often sooner, according to aides.

In addition to the 100 to 150 messages a day he receives in his private mailbox from White House staffers and close friends outside the compound, he said he gets about 400 a day at a public address (vice.presidentwhitehouse.gov). Those messages are read by aides, who sometimes forward particularly thought-provoking ones to him.

But there are still some people Mr. Gore cannot reach with e-mail. The most important one is his boss.

Mr. Clinton "doesn't use e-mail very much now, but he plans to start," Mr. Gore said.



Carlos Tibocalo/The Associated Press

NO MAS — Thousands marching through Mexico City to protest increases in crime and violence in the capital.

Foreigners Have Rights, Police Advised

By Sam Howe Verhovek
New York Times Service

HOUSTON — Spurred by complaints from Mexican officials and by controversies over at least two death-penalty cases in Texas, the U.S. State Department has renewed a campaign to remind state and local law-enforcement agencies that foreign citizens arrested in the United States have the right to contact their government for help.

Under the Vienna Convention on Consular Relations, ratified by the United States and more than 160 other countries, foreign nationals taken into custody in another country must be told that they can notify their embassy or local consulate. In some cases, embassies must be notified of such arrests automatically.

While many U.S. embassies rely on the treaty as a critical protection for their citizens in trouble with foreign law, there have been periodic complaints from diplomatic officials and defense lawyers that many U.S. law-enforcement agents know little or nothing about the treaty.

More specifically, the execution in Texas in June of Irineo Tristan Montoya, a Mexican fisherman convicted of a 1985 murder in Brownsville, cast a new spotlight on the issue. Lawyers trying to stave off his execution argued that his legal rights had been violated because he was not informed of his Vienna Convention rights when he was arrested. Mexico lodged a formal complaint with the State Department.

Though the State Department later issued an apology to Mexico, no U.S. court had found the lack of notification a sufficient cause to overturn Mr. Tristan's conviction. The issue was also clouded by prosecutors' contentions that he had not identified himself as a foreign citizen at the time of his arrest.

Lawyers for another Mexican citizen on death row, Cesar Fierro, who was convicted of murdering an El Paso cab driver in 1978, have also raised the issue of lack of notification of the defendant's Vienna Convention rights. Mr. Fierro's execution, set in November, was stayed when an appeals court gave him more time to prepare a new brief on his case.

POLITICAL NOTES

Money Store's Largesse Stalls Expensive Rule

WASHINGTON — To many Republicans and Democrats in Washington, the Money Store could not have a better name.

In the past 15 years, it has been not only the nation's largest lender of loans guaranteed by the federal Small Business Administration, but also one of the biggest campaign donors in the industry. The company and its executives have contributed and raised more than $400,000 for Republicans and Democrats over the last two years.

Money Store Investment Corp. has persuaded lawmakers and administration officials to block a regulation that senior career officials at the administration say would reduce the likelihood of a huge taxpayer bailout, should the economy turn and with it Money Store's fortunes.

The regulation, proposed nearly two years ago and still pending, would require the company to increase certain reserves, which would take a deep bite out of its rapidly growing profit. White House-appointed leaders of the Small Business Administration have repeatedly delayed implementation of the rule.

Agency officials have promised to put out a final regulation soon. But top career officials say they are concerned that politically appointed officials have yielded to the Money Store in a way that could lead to significant taxpayer losses. In recent days, career officials have threatened to take the highly unusual step of withholding their signatures from any final rule. *(NYT)*

Clinton Seeks Renewal For Volunteer Programs

WASHINGTON — President Bill Clinton, touting the importance of volunteer citizen service to the nation's future, announced over the weekend that he will propose legislation to extend several national programs for five more years, including AmeriCorps.

Mr. Clinton asked Americans in his weekly radio address to carry on the Thanksgiving spirit and observe the Martin Luther King holiday in January by volunteering their time to help others.

"Dr. King once said that everybody can be great because anybody can serve," he said.

Other programs the president wants to extend are Learn and Serve America and the National Senior Service Corps. *(AP)*

Quote/Unquote

Senator Robert Byrd, after Mr. Clinton recently canceled 38 pet projects of various lawmakers using his line-item veto power, which Congress gave the president in 1993 over the strong objections of the West Virginia Democrat: "We handed to the president, just as the Roman Senate handed to Caesar and to Sulla, the control over the purse. When the Roman Senate ceded to the dictators and later to the emperors the power over the purse, they gave away the Senate's check on the executive power. They gave away the Senate's check on executive tyranny, and that is what we have done." *(NYT)*

Away From Politics

• **Fierce dispute** have erupted over whether to require drug companies test medicines on children before putting them on sale. Physicians generally back the proposal by President Clinton. Drug firms say it will needlessly put children at risk and the government lacks the authority to require it. *(NYT)*

• **The Reverend Sun Myung Moon** conducted a mass blessing in Washington of marriages of Unification Church members. Millions more in 84 countries rededicated their vows. *(Reuters)*

• **An FBI chemist** admitted at Terry Nichols's trial for the Oklahoma City bombing that he had mishandled evidence collection at the time, failing to take photographs and incorrectly logging items. *(WP)*

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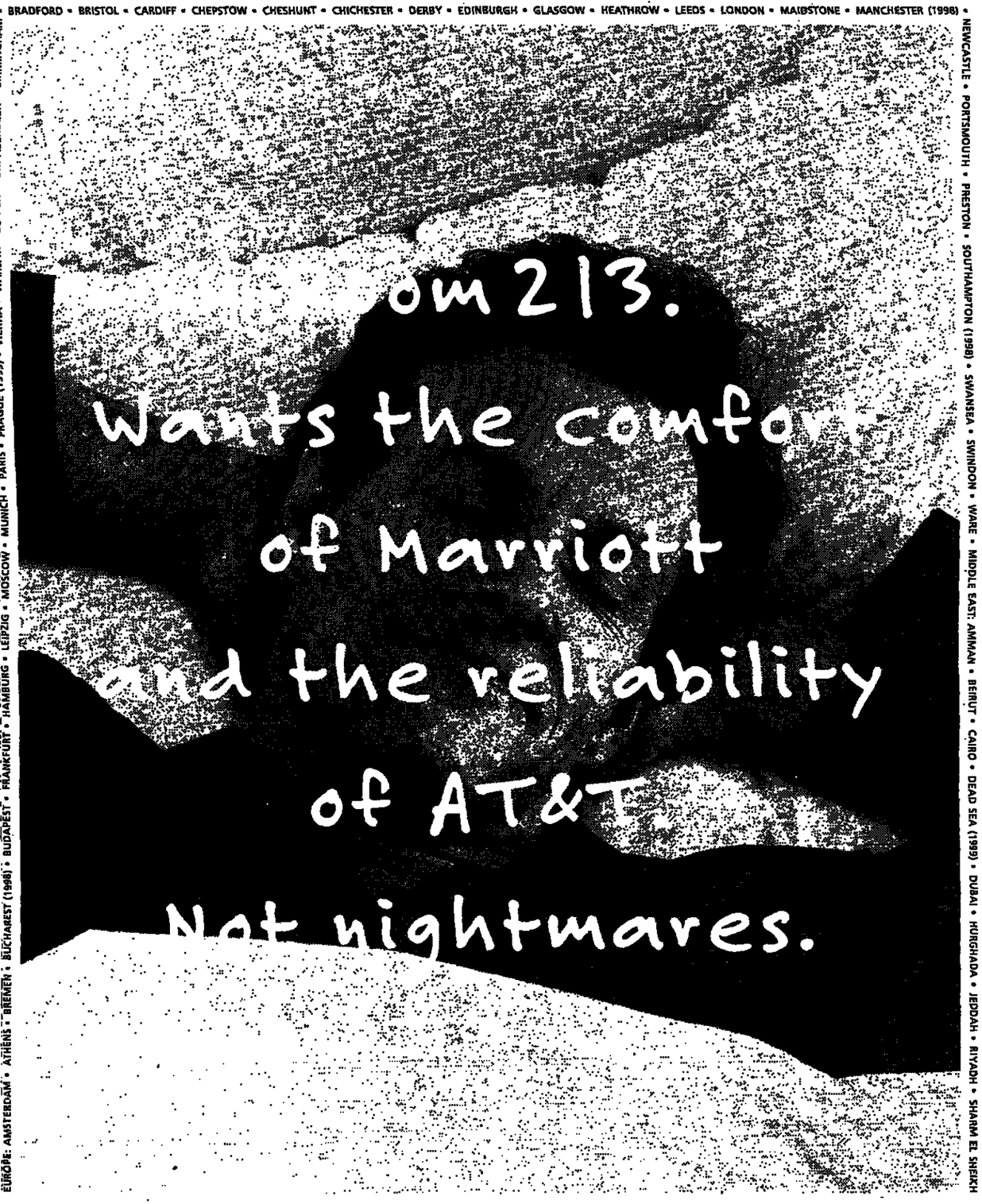


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INTERNATIONAL

Coleman Young, Detroit Mayor 20 Years, Dies at 79

Combative Politician Was a Hero to Blacks

New York Times Service

Coleman Young, the combative, tart-tongued former union organizer who became the first black mayor of Detroit when he was elected in 1973 and went on to run the city for a record 20 years, died Saturday in Detroit of respiratory failure. He was 79.

A popular and streetwise politician, Mr. Young became a hero to black voters, who saw his victory as a sign of their growing power in local government, especially in cities in need of healing after race riots in the previous decade.

But like other black mayors, Mr. Young also presided over a city that more than once came close to bankruptcy. Detroit was already reeling from high unemployment in the automobile industry, a high crime rate and deteriorating housing when he was elected.

Afterward, the city lost even more of its factories, stores and jobs as well as thousands of its middle-class residents, particularly whites who had been moving to the suburbs in great numbers since Detroit's 1967 race riots. Mr. Young, in his autobiography, "Hard Stuff," noted that 1.6 million whites lived in Detroit at the end of World War II and that only 200,000 were left by 1990.

Mr. Young, inaugurated in January 1974, decided that the city could not survive without cooperation among business, labor and the state and federal governments. He called together some of the leading business and labor leaders and got them to approve his plan for reshaping Detroit's riverfront. With their help, the office and retail complex called Renaissance Center became the showpiece of downtown Detroit, and Hart Plaza, a riverfront park, became its centerpiece.

The center, built for $350 million by a consortium of more than 50 corporate investors led by Ford Motor Co., opened in 1977. It included four cylindrical office towers and a hotel. In May 1996, the Renaissance Center was bought by General Motors for about $80 million. The fact that the complex sold for less than a quarter of the price it cost to build two decades earlier was said to reflect the real-estate market's wariness about investing in a deteriorated downtown.

Mr. Young also developed a five-year economic plan for Detroit that he presented to President Gerald Ford in 1975, but the plan failed to gain the support of the Republican administration.

Even so, Mr. Young's efforts led to several major construction projects in his first and second terms, including new plants for General Motors and Chrysler Corp. The mayor was also credited with keeping Detroit financially afloat in the late 1970s and early 1980s by persuading city workers to accept cuts in salaries and fringe benefits and voters to approve a $96 million increase in income taxes.

But that was not enough to keep businesses and residents from fleeing. Although the riverfront began to look prosperous, the rest of downtown was often compared with a war zone.

Mr. Young won the election largely on his promise to ease tension between the police and black residents. He began a hiring program that brought the proportion of blacks in city jobs to more than 50 percent in 1993 from less than 10 percent in 1974.

Mr. Young won his second term in 1977 with 60 percent of the vote and seemed politically invincible by his third term in 1982. That term was marred by two federal investigations that grew out of his efforts to direct city business to black-owned companies, but no charges were filed against him in either case.

Near the end of his fifth term in 1993, with his health deteriorating because of emphysema, Mr. Young decided not to run for re-election.

Mr. Young was born in Tuscaloosa, Alabama. His family moved to Detroit when he was 5. He graduated from high school with an excellent academic record but went to work on the assembly line at a Ford Motor Co. factory after he was unable to get financial aid to attend the University of Michigan. He became a union organizer and then a postal worker before being drafted in World War II.

He served in the 332d Fighter Group, an all-black Army Air Corps unit.

Mr. Young was considered too radical by both labor and management, and it was difficult for him to find work in the 1950s. In 1963 he was elected to the state Senate, where he served until becoming mayor.

Mr. Young was one of the first big-city mayors to support Jimmy Carter's presidential bid in 1976. Mr. Carter named him vice chairman of the Democratic National Committee, a post he held from 1977 to 1981, and chairman of the Democratic Convention Platform Committee in 1980. He was also the president of the U.S. Conference of Mayors from 1981 to 1983 and of the National Democratic Conference of Mayors in 1980.



Tony Spina/The Associated Press

Coleman Young, shown in a 1989 photo, was elected mayor of Detroit five times.

Marguerite Henry, 95, Wrote Classic of Children's Literature

NEW YORK (NYT) — Marguerite Henry, 95, the author of the children's book classic "Misty of Chincoteague," one of some four dozen books that introduced young readers to animals in the outdoors, died Wednesday at her home in Rancho Santa Fe, California.

While much of her work as a professional writer remains popular and in print, it was the tale of "Misty," first published in 1947, that captured the imagination and took on a life of its own. It told of two orphaned siblings drawn to a wild horse on Chincoteague Island, off the Virginia shore.

CLIMATE: *Stormy Talks Likely*

Continued from Page 1

that preventive action to head off the risk, however uncertain, should have been taken years ago.

But who knew? It has been only two decades since 20th-century scientists, with their computer models, first began to make numerical forecasts of climate change, only one decade since the issue first burst into the public consciousness and only five years since the nations of the world gathered in Rio de Janeiro and signed a treaty aimed at preventing dangerous climatic change.

For much of the last two decades, scientists have cited a doubling of atmospheric carbon dioxide concentrations — to 560 parts per million from 280 parts per million before the Industrial Revolution began in the late 18th century — as a threshold of concern.

If that threshold should be reached, they say, the air at the earth's surface would warm by anywhere from a relatively moderate three degrees to eight degrees, a level at which the impact of some of the predicted climatic changes could assume catastrophic proportions.

Now many are saying that it may not be possible to prevent a doubling late in the next century.

The world's economic and political systems cannot turn on a dime, they say, and they argue that the real task now is to prevent concentrations from growing beyond a doubling, possibly even tripling or quadrupling. Those concentrations, they say, would bring certain climatic catastrophe. In the meantime, the world may have to learn to adapt.

Not everyone is so pessimistic.

Environmentalists' goal is to stabilize carbon dioxide concentrations at about one and a half times the preindustrial level, then to begin to reduce them gradually. Although that might still cause some disruption, they believe, it would avert the most damaging effects.

There remain contrarians who say the problem has been overblown and may not exist. Given the uncertainty that permeates climate science, even many experts who are not skeptics argue for modest action until the extent of the problem is clearer.

As has been the case all along under the 1992 Rio treaty that governs the Kyoto talks, the industrialized countries are expected to take the lead in setting specific targets for reducing emissions.

The rationale, based largely on considerations of equity, is that they got rich by burning fossil fuel and are responsible for most of the problem.

But developing countries are also to undertake specific commitments at some point because their emissions will probably surpass those of the rich nations in two decades or so.

When that will happen, and how, will be a big issue in Kyoto, possibly a deal-breaker.

If the talks collapse, the process would not be over because discussions would certainly resume at some point. But proponents of action argue that valuable time would be lost.

At Rio five years ago, the rich nations adopted the voluntary goal of stabilizing emissions at 1990 levels by 2000. But many nations, including the United States, will miss that target.

Proposals now on the table for the meeting in Japan call for legally binding reductions. They range from reducing the rich countries' emissions to 1990 levels by around 2010 (proposed by the United States) to cutting them to 35 percent below 1990 levels by 2020 (proposed by the developing countries).

None of the proposals would reduce emissions enough to keep overall atmospheric concentrations from rising.

But, given the political reality, those proposals probably are the range of what can be achieved at most now.

At most, Kyoto will be a beginning, not an ending.

PAKISTAN: *Prime Minister Lashes Out*

Continued from Page 1

matter for Mr. Sharif since the possible penalties include imprisonment or exclusion from politics for seven years.

The situation is expected to heat up Monday, with various politicians saying they will call their followers into the streets. The Supreme Court is scheduled to resume the contempt trial Monday; it was interrupted Friday by the mob.

Anwar Iqbal, a columnist for The News, an English language daily, said he thought that Parliament would begin impeachment proceedings against President Farooq Leghari, which it threatened to do a few weeks ago.

The president issued a stinging rebuke of the prime minister Friday. In a letter that was made public, he blamed Mr. Sharif for the "disgraceful and premeditated mob assault" on the Supreme Court, and said it reflected "the dismal failure" of his administration.

Responding in a letter that was also made public, the prime minister said that the "undignified phraseology" was "unprecedented for a communication" from a head of state to a head of government.

The army — effectively a fourth branch of government here — is also likely to be dragged into the turmoil. Until now, the military has remained noticeably on the sidelines. The head of the armed forces, General Jehangir Karamat, has been widely praised for the role he has played in trying to cool the politicians' ardor and mediate an end to the conflict.

If the military steps in now, it would not be to impose martial law or even a military government, Western diplomats said, but to provide support for a government of technocrats not politicians.

The crisis has been brewing almost from the day that Mr. Sharif was elected last February with the largest parliamentary majority in Pakistan's history.

Controlling more than two-thirds of the 217 seats in the legislature, the ruling party first passed a law that stripped the president of his power to dismiss the prime minister and call new elections.

Then, in August, Mr. Sharif got into a feud with the Supreme Court when Parliament passed a law giving the police extraordinary powers of search and arrest of suspected terrorists, and set up special courts to try the cases. The chief justice of the Supreme Court, Sajjad Ali Shah, expressed disapproval of the law, saying that it violated fundamental liberties.

In August, the prime minister started after the court, with a plan to cut the number of justices to 12 from 17. When Justice Sajjad rejected this, a fight developed between him and the prime minister over which of them could name five new justices. The chief justice, who some say is as stubborn as he is honest, prevailed.

A few weeks later, Justice Sajjad again provoked the prime minister's wrath after the ruling party passed a law that effectively barred a member of the party in Parliament from voting against the government. The Supreme Court suspended the law. That brought the outbursts from Mr. Sharif that resulted in the contempt charges being filed against him.



Aamir Qureshi/Agence France-Presse

Qazi Hussain Ahmed, the leader of Jamaat-i-Islami, Pakistan's main Islamic fundamentalist party, telling supporters in Karachi on Sunday to be ready for revolution as the nation's constitutional crisis deepened.

BANK: *Dutch Bid Is Backed*

Continued from Page 1

Mr. Kok on Sunday declined to comment on whether a compromise would be acceptable, but other European officials, speaking on condition they not be named, have indicated they believe such a deal may be feasible.

On Monday, European finance ministers will meet in Brussels and discuss a related controversy over the future management of Europe's economic policies. A proposal by France and Germany to form an exclusive economic policy council that would be called the Euro-X, has angered Britain, Sweden, Denmark and Greece, none of which is expected to join the single currency at its outset in 1999.

If the finance ministers are unable to resolve the issue, it could cause tensions at the next EU-wide summit meeting, which will be held in Luxembourg on December 12-13.

Also on Monday, European finance ministers are likely to begin discussing another Euro-nomination that could end up being linked to the leadership of the European Central Bank — the question of who will take over in February as head of the European Bank for Reconstruction and Development in London.

The EBRD president, Jacques de Larosiere of France, is due to step down at the end of January. Although only Spain has put forward a nomination — former Finance Minister Pedro Solbes — the coveted position may turn into a contest involving candidates from France, Germany, Italy and Belgium.

■ Belgian Candidate for EBRD

The Belgian press reported Friday that the country's finance minister, Philippe Maystadt, would succeed Mr. de Larosiere at the EBRD, although his office said he was not a candidate, Reuters reported from London.

Philippe Lagayette, head of the French state bank Caisse des Depots et Consignations, has also been expected to be nominated for the job.

Two other names are also under consideration, Horst Kohler, head of the German savings bank association, and Paolo Savona, a former industry minister in Italy, the banking sources said.

ISRAEL: *Cabinet Supports Conditional Handover of More Land to Palestinians*

Continued from Page 1

present his ultimate intentions to them for approval. In effect, the cabinet decision delayed the battles that Mr. Netanyahu faced at home, and with the Americans and Palestinians, while leaving unclear where he stood.

The decision was greeted with considerable skepticism by the Palestinians, though in the absence of any formal proposal to the Palestinian Authority, Yasser Arafat was not expected to issue a formal response. The Palestinians have rejected all efforts by Mr. Netanyahu to delay the three further withdrawals to which he committed himself in the 1996 Hebron agreement, or to put them into the context of final status talks.

"I don't know if the decision was made as a result of American pressure, European pressure or internal Likud problems, or even whether Netanyahu is maneuvering or not," said Saeb Erekat, the chief Palestinian negotiator, echoing a question also raised by many Americans and Israelis. "We hope the American side, which gave us letters and assurances and guarantees, will move now to guarantee the Israeli implementation of further redeployments."

In Washington, senior officials expressed satisfaction that Mr. Netanyahu had finally acquired cabinet approval, at least in principle, for a second withdrawal before the start of final-status talks. But they also noted that it remained to be seen whether the prime minister would satisfy the demands made of him by Washington, which included a "significant and credible" withdrawal, and a "time-out" in settlement construction.

The leftist opposition in Israel depicted the cabinet decision as a tactic by Mr. Netanyahu to deflect growing anger in his constituency, including his own Likud party, which rose up in open rebellion against him last month. While in the past the Labor Party has promised to support the prime minister in matters of peace talks, this time its leaders said they would continue their efforts to unseat him.

"I have to say that after this strange decision, which is only intended to appease the radical right, the 'peace camp' has no intention of giving the Netanyahu government any sort of security net," said Yossi Beilin, a leading member of the Labor Party. "This is where it ends."

On the right, politicians seemed satisfied at least that Mr. Netanyahu had not buckled under what they see as American pressure. A demonstration called by the right against any further redeployment ended up drawing only a few hundred people Saturday night after the word spread that no decision was imminent. But Jewish settlers and others on the right were also wary that the prime minister's partial step would only lead to even more American pressure.

"I can't tell you I'm happy," said Pinchas Wallerstein, head of Yesha, the main organization of Jewish settlers in the West Bank. "I'm disappointed. Benjamin Netanyahu once again thinks he can toy with the whole world, but he can't, and I fear we will pay the price."

Mr. Wallerstein said he thought the prime minister was trying to lift Washington's pressures by making a proposal that the Palestinians would reject.

"The decision is good if Bibi could back it," he said. "But I don't think that will happen. What I think is that the Palestinians will reject the offer, and pressure will build on Bibi to give more."

BRIEFLY

France Eases Nationality Laws

Agence France-Presse

PARIS — The Socialist government has eased nationality laws, risking an angry backlash from rightists, who complain there are already too many foreigners in the country.

After a marathon debate, the National Assembly adopted a law at dawn Saturday granting automatic nationality to children born in France of foreign parents once they reach 18 and allowing them to seek it as early as age 13.

The new law relaxes tough legislation brought in by the previous conservative government in 1993.

The Parliament voted by 81 to 21 to give citizenship to children of foreign parents once they reached their majority, provided they had lived in France for at least five years since the age of 11, either continuously or in total. They also can opt to become French from age 13, with the residence period dating from the age of 8.

The new law also gives teenagers the right to reject French nationality in the six months leading up to their majority or within a year after it, and it allows foreign children to have their own identity cards.

Hostage Dies in Tajikistan

DUSHANBE, Tajikistan — A French hostage was killed Sunday, along with four of her suspected abductors, in an explosion at a house where she was being held, a UN spokesman said. Her companion had been freed hours earlier.

Karine Mane, who worked for the United Nations High Commissioner for Refugees, was seized along with Franck Janier-Dubry on Nov. 18 at their apartment in Dushanbe, the Tajik capital. The authorities suspected the kidnapping was carried out by the forces of an anti-government warlord.

Miss Mane died during a confrontation between the kidnappers and Tajik authorities who had surrounded the house where she was held, seeking her release. *(AP)*

Egypt Sets Officials' Trials

CAIRO — Egypt is to court-martial Major General Medhat Shanawany, the former chief of police in Luxor, and Major General Abul Atta Yousef, his deputy, for negligence in the recent massacre of 62 people by Islamic extremists, the official Middle East news agency reported Saturday.

The two will be charged in a police disciplinary court Dec. 21 for dereliction of duty in connection with the Nov. 17 attack at the Temple of Hatshepsut in southern Egypt.

In a related development, the government has decided to upgrade dramatically the penalties for the unlicensed sale, manufacture or trade in military and police uniforms, the government-run newspaper, Al Ahram, reported Saturday. *(AP)*

FALLOUT: *Finances Overshadow Talks*

Continued from Page 1

peace, the environmental advocacy group, said the "explosive issue of the meeting" was whether China, India, Indonesia and other large developing countries must participate in the UN effort to curb emissions of greenhouse gases and slow or halt global warming.

The United States insists they must, even though they say such emissions are an acceptable price to pay for their economic development.

But now, because some of those countries are in financial chaos, the prospect that they will agree to potentially costly measures to reduce carbon-dioxide emissions from factories and cars is even more remote.

Prime Minister Ryutaro Hashimoto of Japan, while concerned that the conference be viewed as a success, is deep in such economic and political problems as whether taxpayer dollars should bail out failing financial institutions or be used on a wider welfare safety net for the newly unemployed.

"These unfortunate economic events have clouded the meeting," a Japanese official said. "The Asian developing countries, as the richest, were expected to lead the other developing countries into some kind of agreement."

In particular, South Korea, the world's 11th-largest economy, had been counted on to nudge poorer developing countries to reduce the gases that are thought to contribute to heating of the Earth, a rising sea level, the swallowing of shorelines and other major climatic and environmental changes.

But South Korea now is in no position to lend a hand. The country is in political paralysis after its economic situation became so bad that its leaders were forced to seek a humiliating International Monetary Fund bailout.

As some Japanese officials sought Sunday to lower expectations for the meeting, others said too much time and effort had been invested to allow the meeting to fail. The once-obscure issue of global warming has become one of the most talked-about issues around the world for the past six months, in large part because of the conference.

"There has been a tremendous run-up to this agreement," said Christopher Flavin, senior vice president of Worldwatch Institute, an environmental research group based in Washington, who spoke at one of the many environmental discussions all around Kyoto on Sunday.

"If we don't seize this opportunity and we don't get legally binding targets, it will be a setback of years."

Several officials said it would be a catastrophe if economic troubles prevented efforts to solve a problem that will affect millions of people for centuries.

"We have to be optimistic," said Penehuro LeFale, the delegate from the Cook Islands. "Global warming is so terrible for us."

Mr. LeFale said that each country had its own worries about changing weather patterns and the effects of global warming, pointing out that the Cook Islands rested only three feet (one quite a meter) above sea level and that rising seas had already claimed some of its shores. "For us," he said, "this treaty is survival."

UN officials had hoped to narrow some of the gaps during European, American and Japanese proposals in the days leading up to the conference, but informal talks in recent weeks found the major players clinging to their positions.

At preliminary meetings Sunday night, many participants blamed the United States for the lack of progress.

"There is a growing feeling that the U.S. is becoming the bully of the conference," said Bill Hare, political director of Greenpeace International.

Because the United States is the largest emitter of greenhouse gases, the globe's richest country and the voice insisting on the participation of developing countries in a Kyoto treaty, many say the success or failure of the conference rests largely with Washington.

KENYA: *Challenger Brings Opposition Hope of Unseating Moi in Upcoming Elections*

Continued from Page 1

suggested that, among Mr. Moi's five major challengers, only Mrs. Ngilu would defeat the president in a runoff.

Perhaps Mrs. Ngilu's strongest asset is that, in a country where corruption has muddied many politicians — fomenting the cynicism of Kenya's 27 million people — she boasts of being unscathed by scandal.

"She's a fresh face," a diplomat said. "I think she's the only person who's addressing the issues that people here really care about."

Mrs. Ngilu, however, has numerous obstacles. Foremost among them is getting enough votes to qualify for a second round of voting. And if she overcomes that obstacle, she must then hope that a deeply divided opposition would come together long enough to back her.

Disunity is just one affliction that has beset Kenya's opposition. Many parties, including some major ones, are desperate for funds. And many of the 26 parties, at least 20 of which are fielding presidential candidates, have failed to articulate a meaningful agenda.

It has been an odd year for Kenya's opposition. Earlier this year, it was able to unify long enough to goad the government into crafting a political reforms package that Parliament passed into law this month.

Yet the opposition has managed to fall into disarray: Dozens of politicians have defected to the ruling Kenya African National Union as it has become clear the party likely will continue its three-decade dominance of Kenyan politics with at least a parliamentary victory.

"This is even more depressing than 1992," said Gibson Kamau Kuria, a political activist and human rights lawyer. "There is really a sense of hopelessness, a sense of defeatism among the opposition that you did not see five years ago."

Some of that defeatism comes from seeing Mr. Moi masterfully grab political momentum in recent weeks after several months of protests jolted Kenya's tourism-based economy and brought international scorn on his regime.

Mr. Moi and his party seized the momentum by pushing through the reforms. The reform package — fashioned by a group that included politicians from opposition parties and the ruling party — adds more members to the electoral commission, promises equal media access to opposition parties and makes it easier for political parties to register.

Mr. Moi's critics have complained that the reforms do not carve into the president's sweeping powers nor do enough to ensure that the coming vote will be freer or more fair than the one in 1992. Last week, the government registered the Safina Party, led by Richard Leakey, the famed conservationist, after a two-year delay. Among other things, the government clearly hoped to show its commitment to political reform. But in many ways the delay epitomized Mr. Moi's ability to shackle the opposition since 1992.

The ruling party "has had a chance to prepare while the opposition has been locked out of the process," Mr. Leakey said at a press conference.

Mr. Leakey has become an enthusiastic supporter of Mrs. Ngilu, whom many Kenyans had not heard of until a few months ago. The former entrepreneur became a member of Parliament in 1992, but became a presidential candidate only in June.

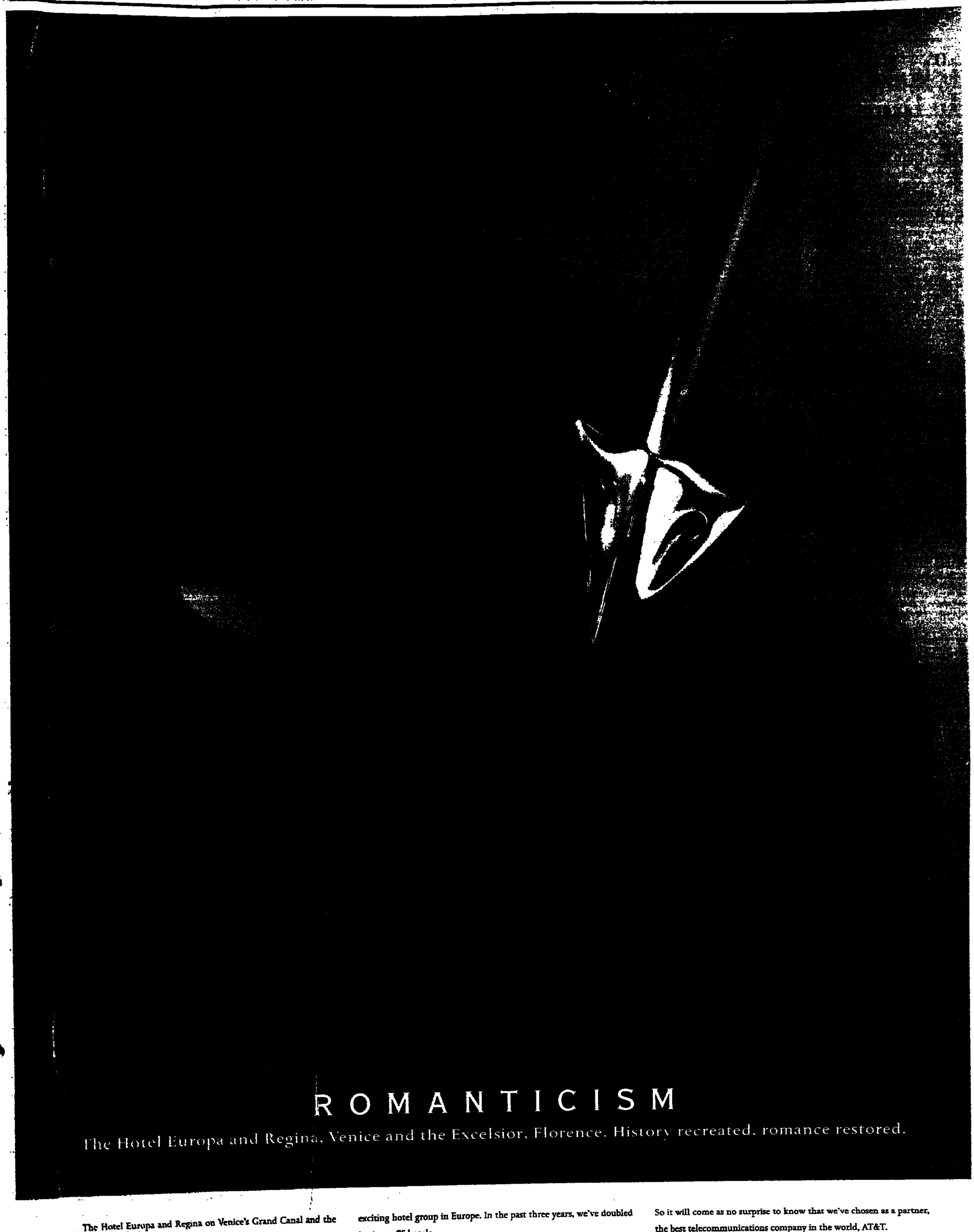
Mrs. Ngilu, 45, married with three children, says her rising popularity has resulted from her message. "Kenyans see me as someone who will demystify power," she said at her campaign headquarters last week. "I want to give them back power. They are used to all the power being at the top."

The candidate said her top priority, if elected, would be further constitutional reform. Mr. Moi "has used the constitution to oppress us," she said. "As a result, we live lives of fear, wondering if we'll be the next one arrested. We can't express ourselves, we can't associate freely. I want to free Kenyans."

The poll by AID suggested that if Mrs. Ngilu did make it to a runoff, she would win 65.1 percent of the vote; Mr. Moi would receive 34.9 percent.

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CLIMATE:
Storms Talk



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Odd Alliance In Drug Wars

The UN Banks on the Taleban To Help in Fight Against Opium

By Raymond Bonner
New York Times Service

LASHKARGAH, Afghanistan — This grim, remote town is the capital of Helmand province, the opium-growing capital of the world.

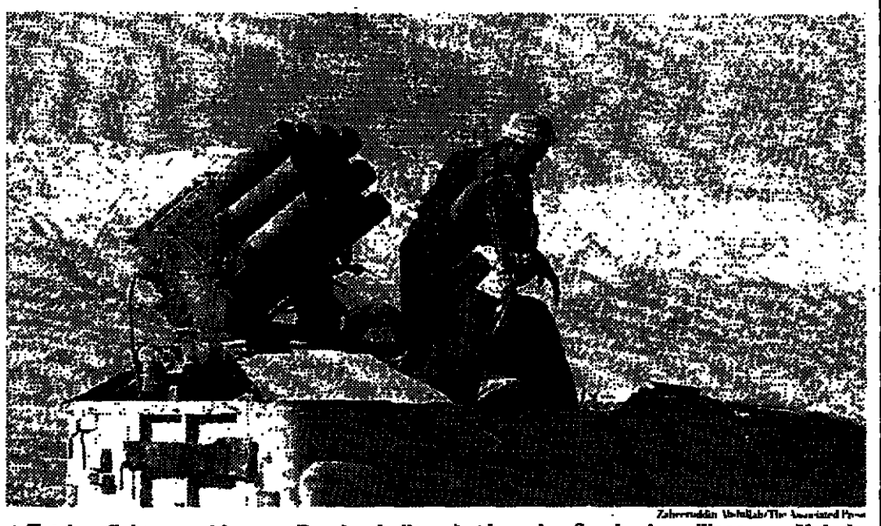
Once dubbed Little America because of all the aid workers here, the province is now controlled by the Taleban, the Islamic fundamentalist movement that has been widely condemned for autocratic conduct and has been accused of providing a haven for terrorists.

But last week, the new head of the United Nations' drug-control agency sat down with Taleban leaders and offered them economic assistance. The reason: the group's religious strictures ban drugs of any kind, and it has declared its intention to stamp out the cultivation of opium poppy, the base for heroin.

The United Nations and its top drug fighter, Pino Arlacchi, need the Taleban to meet a publicly declared goal of eliminating drugs around the world within a decade.

Unlike their coca-growing counterparts in Latin America, Afghan farmers do not have a long history of harvesting poppy; 25 years ago, poppy production here was 200 tons; last year, it was 2,800 tons. So Mr. Arlacchi is convinced that he can succeed. Twenty years ago, he noted, opium was grown in just about every country across Asia, from Turkey to Thailand. Now, he said, the war can be concentrated on Afghanistan and Burma, which account for 90 percent of the world's opium supply.

Mr. Arlacchi has begun here, where the Taleban's militancy works in his favor. The Taleban's religious fervor clashes, however, with a secular reality — opium poppy has been a major source of income. There is widespread skepticism among U.S. officials and United Nations diplomats over which will win out. But even the skeptics think it is worth testing the Taleban, which controls 90 percent of the poppy-growing areas of the country.



Zabiullah Shabkab/The Associated Press

A Taleban fighter working on a Russian-built rocket launcher Sunday in a village near Kabul.

Western governments will also be tested because the poppy-eradication project is going to cost at least $25 million a year for 10 years in Afghanistan. For at the core of Mr. Arlacchi's program are alternative development projects. Give farmers the means to grow crops other than poppy, the theory goes, and they will become law-abiding citizens.

Will Congress contribute America's share for a UN project? With the money going to the Taleban, liberal human rights activists might unite with conservatives to oppose the spending. Anticipating problems, Mr. Arlacchi is assembling what he calls a "council of wise men," prominent world leaders from government, industry and the arts, to help him raise money.

The White House has decided to endorse the UN program to eliminate drug production, according to a U.S. proposal on combating the drug trade. The paper, which has not been made public, calls on governments "to commit themselves to ending all illicit cultivation of opium poppy and coca bush by the year 2008, using all available means, including alternative development, eradication and law enforcement."

The U.S. stance is contained in a proposal that it will present for adoption by a UN drug control committee, which is scheduled to meet in Vienna this week. Mr. Arlacchi said he thought it would be accepted by other countries. Still, the question of where the money is going to come from for the development projects looms. The U.S. proposal calls on international financial institutions and regional development banks to provide loans and other assistance for alternative development projects.

Gloom Spreads in India As Parties Vie for Power

By John F. Burns
New York Times Service

NEW DELHI — India's main political parties maneuvered feverishly over the weekend to cobble together a new coalition to replace the 14-party government that collapsed Friday. But days of horse-trading seemed likely before the country would learn the outcome.

The resignation of Prime Minister Inder Kumar Gujral, the fourth prime minister in 18 months, set off a new round of gloomy forecasts of a kind that have been common in recent months as India celebrated the 50th anniversary of its independence in August.

Outside the political parties themselves, few Indians seemed to see any benefit for the country or its 980 million people from the political factionalism in New Delhi.

"This corrupt, polluted city, its resident leaders and bureaucrats, today hold the destiny of the entire nation hostage to their greed, their ignorance of everything outside the sphere of their self-interest, and their lack of vision," K.P.S. Gill, a retired police commander, wrote in the Saturday issue of The Pioneer, one of India's most influential English-language newspapers.

Similar views, most from Indians with less contentious approaches to India's problems than Mr. Gill's, poured forth as the 29 political parties with seats in Parliament renewed their efforts to stave off a new general election.

The last election, completed in May 1996, produced the most fractured Parliament in Indian history, and most opinion polls have predicted a similarly indecisive outcome in any new ballot.

Accordingly, the emphasis for most of the parties appeared to lie in fashioning a new coalition government that could try to serve out the normal five-year parliamentary term.

Partly, this reflected the fact that many members of Parliament would be unsure of retaining their seats in the multicandidate contests almost all of them would face. Many said they also wished to spare the country the cost of organizing a new election, which officials have estimated at close to $450 million — about a quarter of what India spends each year on health care.

But neither of the two main political formations competing for power had produced evidence Sunday that they had won enough new support to position themselves to form the next government. President Kircheril Narayanan, 77, has told party leaders that he will take time for consultations before deciding whether any of the groups contending for power can draw the backing necessary for a stable government.

The contenders include the departing coalition, almost certainly under a leader other than Mr. Gujral; the Congress (I) Party, a shadow of its former self in terms of parliamentary seats but still ambitious to regain the power it held for 45 of the 50 years since independence, and the Hindu nationalist Bharatiya Janata Party.

Bharatiya Janata has the most parliamentary seats, 168 in the 545-seat lower house of Parliament.

U.S. Enlists Pakistan in Effort to Bring Afghan Rulers in Line

By Raymond Bonner
New York Times Service

ISLAMABAD, Pakistan — In the last two months, three senior U.S. State Department officials have called in here — the assistant secretary of state for Asia, the undersecretary of state for political affairs, and the secretary of state herself.

President Bill Clinton is scheduled to come in the spring, the first visit by a U.S. president in 30 years.

A major reason for all this American attention is actually one of Pakistan's neighbors, Afghanistan.

The White House is leaning on Pakistan to use its influence to get the Taleban, the Islamic fundamentalist group that controls two-thirds of Afghanistan, to moderate its behavior and negotiate an end to the civil war that has raged since the Russian withdrawal in 1989.

The Clinton administration has been quietly engaged in roundtable discussions with Russia, and Afghanistan's six neighbors, diplomats here said in interviews. Those neighbors include China, as well as Iran, which means that Washington and Tehran are negotiating face-to-face. The others are Pakistan, Tajikistan, Uzbekistan and Turkmenistan.

Washington's major concerns in Afghanistan are human rights, drugs and terrorism.

Among suspected terrorists living these days in Kandahar, the Taleban headquarters, is Usama Ladin. Law enforcement and intelligence officials are preparing to indict Mr. Ladin in connection with the bombing of the U.S. military base in Dharan, Saudi Arabia, according to Western intelligence officials.

In an interview last week, the governor of Kandahar, Mohammed Hassan, acknowledged that Mr. Ladin was there, but answered with a terse "no," when asked if he would be handed over to the United States or any other government.

The so-called Contact Group on Afghanistan — the six neighbors, plus the United States and Russia — has met three times, most recently last week, in New York. A senior Western diplomat said the group's first objective is to reduce the external support for the factions in Afghanistan's civil war.

Iran is the major provider of arms and ammunition for the anti-Taleban forces. Other military supplies come across the border from Uzbekistan and Tajikistan, with Russia behind this support, European and American officials said.

The Taleban, which is made up of ethnic Pashtun and Sunni Muslims, gets money and moral support from Saudi Arabia, and military matériel from Pakistan, European and U.S. officials said. Pakistani military advisers are with the Taleban in Kabul, Kandahar and Heart, and this past week Pakistan began airlifting winter uniforms to the Taleban soldiers, according to Western intelligence officials.

To get these outsiders to stop meddling in Afghanistan will be "quite a difficult piece of diplomacy" said a European ambassador.

Voters Hand Taiwan's Governing Party A Stunning Defeat in Local Elections

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan's governing Nationalists on Sunday blamed infighting and voter anger for their defeat in local elections, and warned of a chain of possible setbacks leading up to presidential elections in 2000.

On Saturday, independents and the main opposition Democratic Progressive Party handed the Nationalists their greatest defeat in 52 years of rule on Taiwan, cutting their share of 23 mayoral and county executive seats from 16 to 8.

The Democratic Progressive Party took 12 seats and beat the Nationalists for the first time in total share of the vote. Independents won three races.

Media heralded a "new order" for politics in Taiwan, but the result was greeted calmly among Taiwanese.

The Nationalist secretary-general, Wu Poh-hsiung, stepped down to take responsibility for the defeat, and there were scattered calls for President Lee Teng-hui's resignation as Nationalist chairman.

Mr. Lee called the loss a "setback," but pledged to continue moves to reform the party.

Prime Minister Vincent Siew tried to put the best face on the defeat, urging government to heed the public's mandate while hinting at his party's failings.

The loss may speed plans for a cabinet reshuffle. That would allow Mr. Siew to consolidate his support and make reforms to ease public anger over corruption, rising violent crime and wrenching declines in financial markets. *(AP, Reuters)*

BRIEFLY

Deal With Aborigines Is Pushed by Howard

CANBERRA — Prime Minister John Howard of Australia made his first address to the nation since he won office in March 1996 to plead Sunday for support for his solution to a land dispute between Aborigines and farmers.

Mr. Howard said his plan struck a "fair and decent" balance between Aborigines' rights and farmers' rights to work and mine land they have leased from the government.

But while he pushed for parliamentary approval of his plan by the end of the year, a leading aboriginal group urged a cooling-off period, warning that relations with white Australians could be damaged for generations.

Mr. Howard has come under fire from all sides over his plan, which gives Aborigines a guaranteed right to some pastoral leases, but restricts their ability to make claims.

Aborigines say it strips them of their land rights and farmers say it takes away their control over how they use their land. *(Reuters)*

Delhi Bombs Kill 2

NEW DELHI — Two people were killed and 58 were wounded when two bombs exploded within minutes of each other Sunday in the Indian capital, the police said.

The blasts occurred near a Sikh temple in the congested northern district of New Delhi.

A police spokesman said no separatist group had claimed responsibility for the attacks, the latest in a series of bombings in the capital in the last few months.

Two earlier bombings were claimed by Sikh separatists in the northwestern state of Punjab, who want their own state, Khalistan. *(Reuters)*

Khmer Rouge Inquiry

PHNOM PENH — The United Nations will appoint experts to investigate the crimes of the Khmer Rouge guerrillas, who ruled from 1975 to 1979 and continue to wage war against the Cambodian government, a UN official said Sunday.

The General Assembly adopted a resolution last week that included condemnation of the Khmer Rouge for acts of genocide and crimes against humanity. The vote also authorized the investigation.

More than a million people are estimated to have been killed by execution, starvation or exhaustion during the radical communist group's nearly four years in power. *(Reuters)*

China Firm on Mines

BEIJING — China said Sunday that it needed to use land mines for self-defense, reaffirming its objection to a treaty banning the weapons.

Although China said it supported reasonable restrictions over the use of land mines, it reserved the right to use them on its own soil to defend its border, the Xinhua press agency quoted the foreign ministry spokesman, Tang Guoqiang, as having said.

"The general principle of solving the land-mine problem should be one that takes balanced account of both humanitarian concerns and the legitimate military needs of sovereign states for self-defense," Mr. Tang said.

China and the United States are the most prominent of the few countries that have objected to an accord reached by nearly 100 countries in September to ban the use, stockpiling and production of anti-personnel land mines. They are blamed for killing or maiming more than 25,000 people a year.

A treaty banning land mines is scheduled to be signed at a conference beginning in Ottawa on Tuesday, but Mr. Tang said: "China does not intend to sign this convention."

For many countries, especially those lacking advanced defensive weapons, land mines remained an effective means of self-defense, he added. *(Reuters)*



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EUROPE

Pentagon Chief, a Holdout on Bosnia, Is Said to Come Around

By Bradley Graham
Washington Post Service

WASHINGTON — After months of resistance, Defense Secretary William Cohen is reluctantly moving toward accepting the view of colleagues in the Clinton administration that U.S. troops must remain in Bosnia-Herzegovina past a June 1998 deadline, his aides say.

But Mr. Cohen still declines to say so in public. As he prepares to attend a meeting of NATO defense ministers in Brussels this week, Mr. Cohen continues to play the public role of the administration's holdout on Bosnia.

He suggested in an interview last week that unless European countries contributed more to peace — particularly in financing and training an effective local police force — he would be hard-pressed to endorse a renewed U.S. military mission.

"I've never operated on the basis of having a closed mind," Mr. Cohen said. "I can certainly accept some of the positive things that have been achieved in Bosnia, and would not want to see them unraveled.

"But by the same token, I also want to see a lot more contribution coming from others before I would modify my own position to accommodate the European forces, who are there and demand that we stay there. So until that time, then obviously I'm going to still press my own views."

Mr. Cohen said he would not discuss the evolution of his thinking before President Bill Clinton makes a decision about whether to extend the U.S. military operation. Aides said Mr. Cohen hoped he could use his status as the administration's most public doubter on Bosnia as leverage with European allies. Without a greater European role, Mr. Cohen contends it would be difficult to persuade Congress to pay for a continued military presence in Bosnia.

When Mr. Cohen took office in January, he said that prolonging the U.S. mission past June 1998 was neither affordable nor politically sustainable. As a rule, he does not want U.S. forces doing police work or becoming overextended in peace operations. Still, Mr. Cohen's differences with his fellow cabinet members have been unusual for a foreign-policy team that has rarely betrayed signs of internal dissent.

By all accounts, Mr. Cohen has worked hard to make a successful transition from a longtime career as a Republican legislator with a reputation for independence to his new supporting role in a Democratic administration.

Aside from Bosnia, the only major issue on which he has stood apart in the cabinet involved economic sanctions against Burma, which he opposed to little avail. He argued for backing the Association of South East Asian Nations, which objected to sanctions on the grounds that they would propel Burma further into the arms of the Chinese.

Mr. Cohen entered office with strong judgments, formed as a senator, about the U.S. troop presence in Bosnia. He declared during his confirmation hearing in January — and repeatedly during a visit to Bosnia in March — that U.S. soldiers would be gone by June 1998.

As a former lawmaker, he empathized with the frustration and anger expressed by members of Congress at Mr. Clinton's decision to let the original December 1996 withdrawal deadline pass, extending the deployment for 18 months.

Mr. Cohen warned from the start that U.S. political support for the Bosnia mission was eroding, that the Pentagon could not afford spending about $2 billion a year to keep troops in Bosnia, that Bosnians had to take responsibility for their own fate and that European governments must assume a greater share of the burden.

But with the Europeans vowing to leave if the Americans did, a U.S. pullout has appeared increasingly unlikely. U.S.-European discussions about a follow-on force have focused less on whether the Americans will stay and more on whether the U.S. contingent of 8,500 can be reduced, its mission narrowed and more of its tasks passed to Europeans who make up the rest of the 30,000 or so NATO-led peacekeepers.

When Mr. Cohen meets with his European counterparts in Brussels, he said he will make the point that Congress still can deny the money for an extension if it is dissatisfied with the European contribution to the Bosnia mission.

"I think the Europeans many times operate on the assumption that, well, the United States will still be there, whatever the circumstances," Mr. Cohen said. "What my interest has been is to dissuade them of that, to make it very clear as a former member understanding how Congress thinks about this.

"My view is that there should be an international presence to maintain stability in Bosnia. What role the United States should play will depend a great deal on what I see forthcoming out of many countries, before the United States makes any kind of a further commitment."

Blair to Meet Adams at Downing St.

Reuters

LONDON — Gerry Adams, the Northern Irish nationalist leader once so reviled by London that his voice was banned from British airwaves, is to meet Prime Minister Tony Blair at his Downing Street office next month.

The Dec. 11 meeting will be the first in London between an Irish republican leader and a British prime minister since 1921.

It represents a sea-change in relations between the British government and Mr. Adams's party, Sinn Fein, which wants a united Ireland and whose IRA guerrilla wing has fought a violent campaign against British rule in Northern Ireland.

Mr. Blair's spokesman said the prime minister was "determined to drive forward the peace process and believes it is vital to keep up momentum." He said Mr. Blair would use the meeting to discuss the state of all-party peace talks in Belfast, to which Sinn Fein was admitted for the first time in September after the Irish Republican Army renewed a cease-fire.

The prime minister will "stress once more the absolute necessity of a continuing commitment to exclusively peaceful means," the spokesman said.

But the announcement Saturday angered the province's Ulster Unionist Party, the main group that speaks for majority Protestants who back rule from Britain. Ken Maginnis, a senior Unionist legislator, told Reuters that it was "a calculated insult to the families of IRA victims."

Sinn Fein welcomed the meeting and said Mr. Blair would be told that British rule over the province was at the root of conflict.

"It will provide us with an opportunity to raise with him those issues, particularly the British claim to jurisdiction to this part of Ireland, which we believe to be at the heart of this conflict," said the Sinn Fein chairman, Mitchel McLaughlin.

The meeting illustrated Mr. Blair's determination "to do everything in his power to bring peace in Northern Ireland" and would fulfill a promise that Sinn Fein would be treated equally with other parties because it subscribed to the "Mitchell principles," a set of conditions for participation in the peace talks developed by George Mitchell, the former U.S. senator who is chairman of the talks.

EU Commissioner Presses For a Strong Global Court

By Barry James
International Herald Tribune

BRUSSELS — United Nations negotiators begin a fresh round of preparatory talks Monday aimed at creating a permanent International Criminal Court to investigate and judge cases of genocide and other gross crimes against humanity.

The talks are expected to lead to a full-scale diplomatic conference in Rome next June that will establish the nature and competency of the court.

The initiative is backed by the European Union, whose commissioner for humanitarian affairs, Emma Bonino, flew to New York over the weekend to lobby for the court to be made as independent as possible.

She said in an interview here that several countries, including the United States and France, were pressing for the court to be placed under the control of governments or the UN Security Council — a move that, in her view, would seriously weaken the credibility of the court.

The European Union has thrown its weight behind the conference, which will coincide with the 50th anniversary of Universal Declaration of Human Rights and the UN Genocide Convention.

Mrs. Bonino said she was confident that the court would be created. Public opinion is swinging behind the initiative, she added, just as it did with the international campaign to ban land mines.

Her fear now is that the court will be limited by a veto power of the Security Council, which she said would subject it to undue pressure from the major powers and limit its effectiveness and credibility.

The United States wants the Security Council to be the arbiter of which cases go to the courts. It is also concerned that if the court has too broad a jurisdiction, it could open the way to frivolous complaints about U.S. global deployment of military power.

But Mrs. Bonino said such concerns were without foundation, since the court would act only when countries failed to take action.

France, although also in favor of the court, also wants serious limits on its scope. It says cases should only be brought with the assent of the states where crimes take place, where the victims lived and where the alleged perpetrators were resident.

At the heart of France's concern is its reluctance to see troops involved in delicate peacekeeping operations having to explain their actions to anyone other than their senior officers.

For her part, Mrs. Bonino said that the court would be stillborn if it was "loaded with all the problems in the world." The court's work should be confined to "very well-defined crimes" covered by conventions signed by most of the countries in the world, she said.

The permanent court would build on the experience of the UN ad hoc tribunals set up to investigate and judge crimes in the former Yugoslavia and Rwanda.

Gabrielle Kirk McDonald, president of the Hague tribunal, which is judging crimes in the former Yugoslavia, said at a Brussels symposium last week that if a decision were taken to convert the ad hoc tribunal into a permanent court, "we could take it on, and I would be ready."

But she warned that the efficiency of a permanent court could be impaired if, like the ad hoc tribunals, it had no power to order or make arrests.

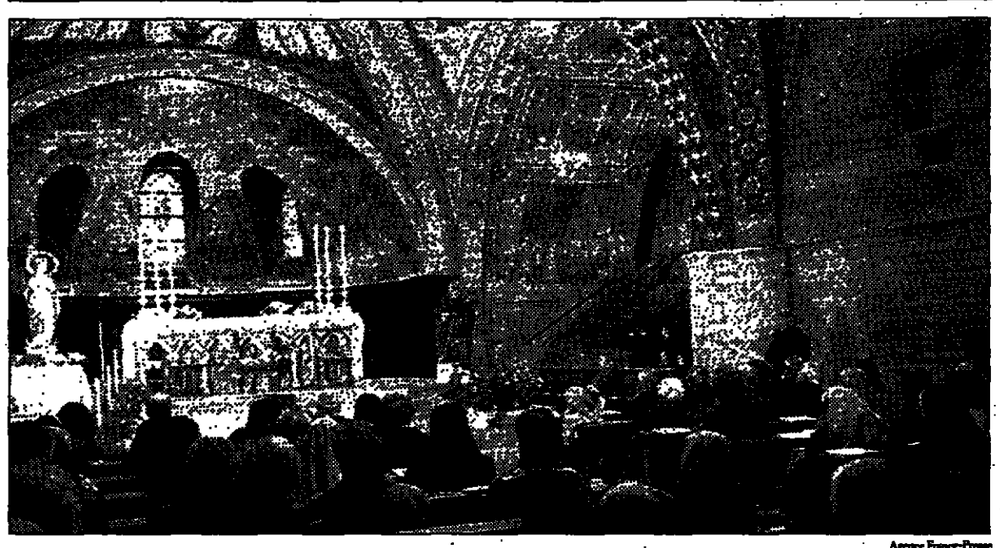
Mrs. Bonino said the Yugoslavia and Rwanda tribunals had demonstrated that international justice works. "It is not as though we are starting from scratch, or with only a vague idea or a theory," she said.

That some of the principal war crimes suspects — such as Radovan Karadzic, the Bosnian-Serb leader — have avoided arrest, could not be blamed on the tribunal, which has no police or power to enforce indictments, Mrs. Bonino said.

She said that it was vital to ensure the independence of the prosecutor, so that even if the alleged perpetrators of crimes could not be arrested, evidence could be gathered and held for an eventual trial.

A leading campaigner for establishing an international court, Gijs de Vries, president of the Liberal group in the European Parliament, said a permanent tribunal with global jurisdiction was needed for three reasons: "First, to satisfy the fundamental human need for dignity and justice; second, to deter potential future war criminals, and third, to counter the failure of states to bring such criminals to justice."

He added that the independence of the court's prosecutor to investigate crimes, on the basis of information supplied by individuals or humanitarian organizations, if necessary, would be vital to the credibility of the court. "We must not allow the International Criminal Court to be made subservient to a Security Council which has left Pol Pot unpunished," he said.



Agence France-Presse
Some of the worshipers in the lower basilica of St. Francis during a Mass as the church was reopened Sunday.

Lower Assisi Basilica Reopened to a Wary Public

The Associated Press

ASSISI, Italy — Two months after a pair of earthquakes devastated the upper level of the Basilica of St. Francis, worshipers turned out in small numbers Sunday in the lower level for the first public Mass since the disaster.

The lower basilica escaped devastation in the Sept. 26 quakes, but smaller tremors continue to rock the central hill region of Umbria, and fear of being one-level down from the heavily damaged part apparently kept some of the pews empty for the service.

About 200 people, including many nuns and other faithful who live in the town, turned out for the 9 A.M. Mass. Another followed in late morning.

Basilica officials said tourists were now able to visit the lower basilica when Masses, which will be held at least once daily, are not being said. The lower basilica is adorned with frescoes ascribed to Giotto, Simone Martini and Cimabue.

Two Franciscan monks and two technicians were killed on Sept. 26 when the second earthquake struck as they were inspecting damage from the first quake of that day. The second quake brought down part of the ceiling decorated with early Renaissance frescoes.

The upper basilica in the 13th-century monument to one of Italy's patron saints still remains closed to tourists as restoration work continues.

■ New Tremor Hits Central Italy

A new tremor shook central Italy on Sunday, but there were no reports of casualties or damage, Agence France-Presse reported from Rome.

BRIEFLY

Yeltsin Delays a Showdown

MOSCOW — President Boris Yeltsin postponed a day of reckoning for his government for about a week on Sunday, amid increasing nervousness over Russia's shaky economy.

Mr. Yeltsin had threatened a new reshuffle if the cabinet, already reeling from several dismissals, did not show it could deliver on a promise to pay off a vast sum in overdue wages to public sector workers and restore faith in the ruble. The cabinet meeting originally was planned for Monday.

"President Boris Yeltsin has decided, in agreement with Prime Minister Viktor Chernomyrdin, to postpone the government's report for a week," a Kremlin statement said, adding that a new date would be set in due course. The statement said the meeting had been put off due to a parliamentary debate on next year's budget, scheduled for Friday, a state visit by Mr. Yeltsin to Sweden, to start Tuesday, and a trip by Mr. Chernomyrdin to neighboring Belarus.

The Kremlin said Mr. Yeltsin met Chancellor Helmut Kohl for informal talks on Sunday afternoon and agreed to hold the first of a planned series of three-way summits with France in the Russian city of Yekaterinburg in the first half of 1998. *(Reuters)*

Transplants Investigated

LONDON — Scottish health authorities are investigating how tissue from the eyes of a woman who had suffered from Creutzfeldt-Jakob Disease was transplanted into three other people.

"We are aware there is a potential infection risk from tissue retrieved from a patient in Scotland," a spokesman for the government Scottish Office said Saturday. "We do not know the full facts, but we are making urgent inquiries into how this could have occurred," he said.

The 53-year-old woman suffered from lung cancer, but after she died an examination showed she also had the brain-destroying disease that is the human form of bovine spongiform encephalopathy, or "mad cow disease." *(AP)*

Italian Voting Is Light

ROME — Turnout was low Sunday as Italians went to the polls in second-round balloting for municipal councils. The ruling center-left coalition won a landslide in major cities in the first round on Nov. 16 from which the mayors of Rome, Naples and Venice emerged with an absolute majority. *(AFP)*

Burns Assumes Athens Post

ATHENS — Nicholas Burns, the former State Department spokesman, arrived Sunday to take up his position as U.S. ambassador to Greece. He succeeds Thomas Niles at a time of increased interest by the United States in helping to resolve disputes between Greece and Turkey. *(AP)*

Census Keeps Turks at Home

Reuters

ISTANBUL — Street life in Turkey ground to a halt Sunday as a daytime curfew imposed for a census kept people at home.

From early morning until 5 in the afternoon, streets were empty except for ledger-carrying census-takers, the police and foreign tourists, frustrated at suddenly finding themselves in ghost towns.

"We cannot buy anything as a souvenir," said Giuseppe Cantalupo, an Italian businessman.

In Istanbul, tourists were allowed to leave their hotels after receiving an official stamped letter.

The Bosphorus suspension bridge between Europe and Asia Minor, normally packed with traffic even on a Sunday, was virtually empty.

Stores took on extra staff on Saturday evening as families lined up for final shopping before the census, the first in seven years.

Implementation of the curfew began in the early hours. Around 4 A.M., police patrols began ordering nightclubbers in Istanbul's Taksim Square to go home.

"If we catch anyone on these streets after five, they'll be facing legal action," an officer bellowed into a loudspeaker as people finished their kebabs at stalls around the square and a man washed clothes in a fountain.

The police arrested 100 people for breaking the curfew in the eastern town of Erzurum and 30 people in the central town of Kayseri, Anatolian news agency said.

PRAGUE: *Abandoned by Party, Klaus Is Forced to Resign*

Continued from Page 1

Finance Minister Ivan Pilip acknowledged at the end of last week that the party held a Swiss bank account with $217,000 from private donors. Mr. Klaus insisted that he did not know about the account, but members of his party asserted that he was one of two party members who knew of it from its inception.

Mr. Pilip was quoted in the Czech newspapers as saying that nearly all of the party's leaders were told of the account two months ago and they decided that the money should be contributed to charity.

Most serious from Mr. Klaus's point of view, Czech politicians said, are accusations that the money was donated to the party in exchange for insider deals during the privatization process.

The revelations about the contributions were first made by former Foreign Minister Josef Zieleniec, who resigned last month, partly in disgust over what he called secrecy surrounding the party's finances.

Two years ago Mr. Klaus triumphantly told the nation that the transformation of the economy was complete.

Czechs believed him. But this year, as an economic crisis in the spring sent the currency plunging, they watched small and medium-sized banks collapse and the unregulated stock market sag under persistent scandals. Recent surveys show that 80 percent of the people are concerned about the economy.

"People thought the transformation was over," said Daniela Stanikova, a 23-year-old film student. "Then this year we are told the worst is still to come. I think we have 10 bad years ahead."

Miss Stanikova said that many people now realized that the state-owned companies that were privatized through Mr. Klaus's highly publicized voucher system, in which ordinary Czechs were given shares in companies that many then sold to investment funds, remained overstaffed and unproductive. "People will start losing jobs," she said.

Foreign investors are disenchanted, too. "The Czech economic performance has been relatively discouraging compared to its peers in the region," said Gabor Bognar, an economist in London at Goldman, Sachs, who specializes in Central Europe. "Overall, the fundamentals are not improving — and in some cases deteriorating."

Productivity has been consistently low compared with Poland and Hungary, he said. With the exception of the Skoda car plant, in which Volkswagen acquired a controlling stake, Czech companies have attracted few foreign strategic partners. Thus, the firms have benefited little from outside management know-how, Mr. Bognar said.

Czech banks have been a consistent problem and Mr. Klaus was warned in Washington this month by Treasury Secretary Robert Rubin that he needed to hurry and restructure the sector, officials here said.

The close relationship between the banks, the investment funds they control and industrial companies has led to embezzlements and lax loan policies. The Czech National Bank said in June that 32 percent of the loans held by the state-controlled banks were substandard, three and four times the number in Polish and Hungarian banks, respectively.

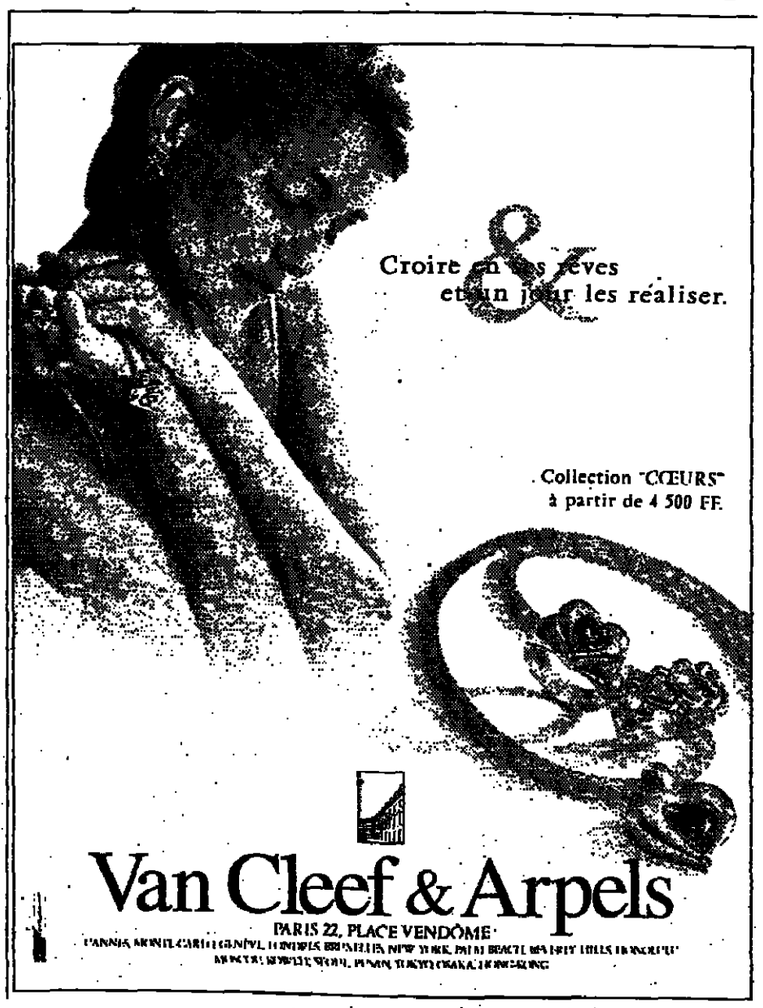
Mr. Klaus appeared to have started to heed Mr. Rubin, and an October memorandum from the International Monetary Fund that criticized the government for underestimating the cost of restructuring the banks. On Nov. 19, the government announced plans to sell large stakes in the top three banks to foreign investors.

The government also took its first steps this month to regulate the stock market. Parliament passed legislation for a securities exchange commission. But Western investors and diplomats said Mr. Klaus's heart was not in the reforms. They were concerned, they added, that the rules for the new body had been so watered down that it would lack the teeth it needed.

The uncertain health of President Havel, who before his surgery was a two-pack-a-day smoker, is another worry. Mr. Havel has announced he will run again in January for the presidency and there is no expected opposition. Czechs have expressed concerns about his candidacy, but not because they don't want him as president. A survey two weeks ago showed that 54 percent of those polled felt the ailing Mr. Havel should not run for his own sake.

Along with their political and economic woes, the Czech image has been shaken by a surge of racial violence. An estimated 200,000 to 300,000 Gypsies live in the Czech Republic and since the collapse of communism, the hostility of the majority of the population toward Gypsies, who generally have darker skin, has become more obvious.

The European Center for the Rights of Roma in Budapest has reported more than 1,250 attacks against Gypsies in the Czech Republic since 1990. Ten of the attacks resulted in deaths.



Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Unlimited Inspection

Iraq's invitation to let foreign diplomats stay as guests in Saddam Hussein's many palaces, while turning away UN weapons inspectors, deserves the scorn it is getting from the United Nations and its member nations.

Since the UN inspection team began trying in 1991 to monitor Iraq's efforts to make nuclear, chemical and biological weapons, its inspectors have been turned away 73 times from government buildings and palaces. With suspicions running high that lethal weapons and material, possibly including nerve gas, may be stashed in the palaces, experts, not diplomats, need access.

The standoff over the palaces is one of the most important conflicts between Iraq and the United Nations. After the Gulf War, the UN imposed an embargo on sales of Iraqi oil abroad until inspectors certify that Iraq is free of weapons of mass destruction and making no effort to manufacture them. While ordinary Iraqis have suffered, Saddam has spent at least $1 billion building 48 new residences for himself and top officials. One is said to be eight times the size of the White House.

The boom in palace construction has accompanied rebuilding of weapons factories. Washington and UN officials believe that the palaces may house documentation of the weapons programs, the weapons themselves or even laboratories creating lethal germs.

Baghdad's denial of expert access to what it calls "sovereign sites" covers palaces and official residences, military intelligence bases, many government ministries and the headquarters of the Special Republican Guard, which is suspected of hiding and moving Iraq's labs and storehouses of lethal weapons. To ensure that inspectors eventually get into all these buildings, President Bill Clinton has properly decided to maintain a robust U.S. military presence in the Gulf area, including two aircraft carriers.

The UN Security Council, which is working on a response to Iraq, must maintain unity in demanding that Saddam Hussein open all sites. UN inspectors cannot assure that the world is safe from Saddam's weapons as long as he can choose where inspectors go.

— THE NEW YORK TIMES.

No Free Pass for Kabila

This is a critical moment in Laurent Kabila's Congo, successor country to Mobutu Sese Seko's Zaire. The immediate focus is on a United Nations attempt to investigate the reported massacre of nearly a quarter-million Rwandan Hutu refugees in eastern Zaire on Mr. Kabila's way to power. For the much battered United Nations, basic credibility is involved.

Mr. Kabila insists that the investigation either be narrowed to avoid a damning inquiry or broadened to cover the alleged depredations of others; either way, he escapes serious solo indictment. The United Nations has now put him on notice to deliver promptly on the terms that will let a UN team move into the field. Otherwise the team goes home, leaving the charges against Mr. Kabila unexamined but taking with it as well the possibility that he will be cleared.

In Congo, the United Nations has no armed force or heavy embargo to bring to bear, as it theoretically does in Iraq, against a stonewalling local object of its inspection. It must negotiate its way in, and in some way it must take into account Mr. Kabila's complaint that he is being unfairly singled out. Bill Richardson, the Clinton administration's envoy, allowed as much in his seemingly successful effort last month to talk Mr. Kabila into the appropriate terms for an investigation. Then things slipped.

The Congo leader cannot reasonably expect to order up a whitewash. He can diminish but not prevent the impact of an investigation. As grateful as most other people were to see the corrupt Mobutu reign go, he cannot expect an international free pass. No less than any other claimant for world acceptance, he must meet the world body at least halfway.

A finding of Congo's great and unmitigated guilt in the death of the Rwandan refugees would create pressure on the United Nations to abandon Mr. Kabila and even to abandon Congo itself. Such an action would leave this vast, strategically critical, potentially rich African country of 45 million people without the rehabilitation program or national leadership essential to its revival.

A crucial donors' meeting is scheduled in Brussels next week; it holds the future of Congo in its hands. Mr. Kabila wields the implicit threat of the collapse of Africa's keystone country. But the donors and the United Nations can plausibly warn of denying Congolese development. Nobody likes it that way, but that is the way it is.

This is not a situation where the principals sit down and hammer out a final settlement. They sit down and bargain out a partial, shifting deal. The negotiations on the terms of international engagement in Congo will go on for years. But they must start, and quickly.

— THE WASHINGTON POST.

Nuclear Bookkeeping

Nuclear weapons are expensive companions. The United States has spent billions of dollars building and improving nuclear bombs since Robert Oppenheimer and his team assembled the first at Los Alamos more than five decades ago. Now that the creation of new weapons is suspended, it turns out that still more billions are needed to keep old weapons ready for use. While some spending is required, the program devised by the Clinton administration and Congress is extravagant.

The plan stems from negotiated reductions in warheads and a new treaty that bans test explosions. Warheads that were once constantly replaced by new designs perfected through underground tests could now remain in arsenals for 25 years or more. Scientists do not know precisely how long the slowly decomposing radioactive elements in these weapons will remain reliable. As long as there are nuclear weapons, the countries that possess them must be confident that their warheads are usable and credible to any potential foe.

Washington's answer is the Stockpile Stewardship and Management Program, to cost at least $45 billion over 10 years. It has been larded with projects attractive to senators like Pete Domenici of New Mexico, whose state houses two weapons laboratories, and seems partly designed to ensure Senate ratification of the test ban treaty.

Since 1958, scientists have been removing a number of warheads each year and subjecting them to nonexplosive mechanical analysis, including physical disassembly. More recently, the weapons labs have been developing computer simulation models and experimenting with subcritical mini-explosions to maintain the stockpile.

The stewardship program builds on these methods, as well as laser-driven fusion experiments, and provides financing for advanced scientific research into the physics of nuclear explosions. Its most expensive element is a new, $2.2 billion National Ignition Facility in Livermore, California, designed to use precisely tailored laser light to compress a droplet of nuclear materials, creating a tiny fusion explosion that can be closely studied. It will attract a new generation of weapons scientists whose skills would be needed if the test ban treaty were to break down and a new arms race began.

Some effort to maintain necessary skills is appropriate. So, too, are computer simulations and mechanical sampling to learn more about what happens to bomb trigger mechanisms as plutonium decays. Adequate supplies of tritium must be assured in case decaying warheads need to be replaced. But the stewardship program must not subsidize unrelated experimentation or allow any effort to design and build more advanced weapons.

The Congressional Budget Office has proposed less expensive ways to assure weapons reliability. One approach would be to consolidate the work at one of the existing labs and do without the ignition facility. Another would rely on commercial reactors to produce tritium instead of calling for a new government plant. Congress, whose budget ax is so keen on social programs, owes taxpayers a disinterested study to determine how far the stewardship program can safely be cut.

— THE NEW YORK TIMES.

East Asia Takes a Time-Out From Globalization

By Jim Hoagland

WASHINGTON — The chickens of globalization are coming home to roost in Asia. Stock and currency markets have experienced six months of turmoil. Asia's contagion should shake many of the glib assumptions formed about globalization by investors, politicians and pundits in this decade.

But don't bet on it. Human nature doesn't work that way.

A more likely outcome is a tinkering with assumptions already reached and blessed, and a knee-jerk continuation of the policies, practices and thinking that produced the current mess.

That mess will over the next year reduce U.S. exports to Asia and cut U.S. growth by up to an estimated half of 1 percent, drive America's trade deficit to historic new heights, and force American participation in international bailouts for Asia.

The relentless, full-speed-ahead opening of markets around the world portrayed by President Bill Clinton and others as the key to economic growth in the 21st century has suddenly been shown to have an identifiable downside, as well as benefit.

Globalization has opened markets — and encouraged developing countries to mortgage their futures on export-driven growth and on attracting foreign investment inflows that their young, uneven economies could not sustain.

Like Tolstoy's unhappy families, Thailand, Malaysia, Indonesia and South Korea are unhappy in their own individual ways. But a lack of transparency in financial dealings, a failure of regulation and disinterested government supervision of markets, and a get-filthy-rich-quick mentality within the national elite were evident in each case.

This contributed to boom, as it did in the United States in the 1920s, and then to today's depression-like bust.

From their searing national experience, Americans developed the systems of market regulation and banking supervision and insurance that have helped underpin U.S. financial stability since. American values, in short, have much to offer for financial stability in the global economy.

But don't expect the demagogues who have been preaching about the moral and financial superiority of "Asian values" to acknowledge that any time soon. The recent wave of currency devaluations in Asia suggests that these smaller countries will continue to try to export their way to financial stability in the short term, rather than re-examine their growth strategies.

This will unleash a flood of cheaper imports into the flourishing U.S. market, while shrinking Asian economies will not be able to import more American goods. The flood will turn into a tidal wave if Japan and China also seek new growth by cheapening their currencies to increase exports — as is likely.

China devalued the yuan in 1994 and reaped a $30 billion to $40 billion annual trade surplus with the United States as a result. But this year's devaluations in Southeast Asia have erased much of the Chinese comparative advantage.

The Chinese economy is widely assumed to be immune to the Asian collapse, since investment there tends to be in brick-and-mortar assets like factories rather than speculative real estate and phony financial companies. But Chinese business dealings are often based on personal relations and a handshake rather than binding contracts. This lack of transparency suggests that Chinese stability is another assumption in for serious testing.

U.S. corporate chieftains who have been proclaiming that their companies' futures lie in Asian markets, and especially in China, may want to tone down their rhetoric and perhaps their investments.

U.S. policymakers have already tinkered with their assumptions because of the financial turmoil.

When trouble first surfaced in Thailand, the U.S. Treasury stood aloof from rescue efforts. When Indonesia went under, the Treasury wizards offered a symbolic $3.5 billion standby credit for Indonesia as a political gesture to show America's strategic interest and presence in Asia. South Korea's threatened meltdown has ended the Treasury's aloofness.

The United States is now preparing to commit energy and resources to an effort to contain this financial depression to Asia. Among other things, Washington is urging Tokyo to lead the Asian economic rescue by — you guessed it — opening its markets.

Opening markets has been the one-size-fits-all solution offered by those who extol the virtues and inevitability of a single global economy. But there is now a race on to erect walls to contain the Asian contagion to that region.

The globalizers will no doubt soon be explaining that they knew it would turn out this way all along. That's human nature, too.

The Washington Post.

The Silver Lining Will Be Real Capitalism and a Freer Press

By Steven Levingston

BOSTON — The Asian crisis has demonstrated the need for free market capitalism of a sort never seen in the region, and for an unfettered press that can report on Asian economic life, warts and all.

The Asian miracle was built on a stunted form of capitalism. The region never fell to communism, but the capitalism it accepted grew under an authoritarian rule just as dominant as any Communist regime and just as resistant to bona fide free markets.

What is more, many authoritarian leaders in the region showered much of the spoils from swift economic development on family and friends. Little supervision or regulation was imposed. Accounting standards were sub-par, corporate disclosure was often at a company's whim.

Barely a whiff of any of this ever made it into the local press. Is it any wonder that the abuses multiplied until the dominoes began falling this year? The real wonder is that the Asian debacle did not occur sooner.

In the early 1990s, I covered the Asian financial markets from Hong Kong, traveling to the bustling stock exchanges throughout the region. Riding along the streets of Jakarta, I could not help but marvel at this glittering modern hub. At the same time, however, I had to remind myself that whenever I scratched just a little below the surface I still found a painfully undeveloped nation.

For years the Asian economic miracle blinded the world. But it was often the mere sheen of capitalism without its substance.

In January 1991 in Bangkok, site of this year's first meltdown, the problems were the ones that haunt many countries in the region today: little regulation, poor accounting procedures, corporate secrecy.

"Trying to find out what a company's assets are is next to impossible unless they want to tell you," the head of Thai research for a British brokerage complained at the time.

In Indonesia, an absence of corporate openness and accountability has rocked the economy and forced the closure of several banks, including some heavily financed by President Suharto's family. Companies deliberately withhold financial information that might weaken enthusiasm for a proposed public offering.

Many Asian countries made strides in recent years to counter some of the worst abuses. But these moves often came at the prodding of foreign investors enlightened to the problems not by the local media but by the foreign press. Clearly, as the events of recent months show, these remedies did not go far enough, or were simply halted in midstride.

No strong push has ever been made to bolster local business media coverage in the interests of improving corporate accountability and openness.

Worryingly, in one giant Asian country, another brand of stunted capitalism persists. China has so far escaped the gloomy financial trend of its neighbors, while strictly adhering to an economic system that leaders in Beijing call socialism with Chinese characteristics. This unique model allows a dubious form of capitalism to develop within the narrow confines of China's rigid political and social system.

Don't expect China's media to dig into the truth of the country's economic activity. Few press establishments are as rigidly controlled as China's.

Until now, most economic shocks in the region have been confined as isolated events within sovereign borders. This year, neighbors are peering into the house next door and realizing that genuine disorder can spill regionwide.

Perhaps recognition of the area's shared problems will lead to recognition of a shared solution: free market capitalism, backed by a watchful business press.

Real capitalism is built on an institutional foundation of regulation, oversight and openness. As Asia is bound to learn, these ideals take hold in times of need by the sheer force of their irresistibility.

The writer, a former Wall Street Journal reporter, is director of the Business and Economics Journalism Program at Boston University. He contributed this comment to the International Herald Tribune.

Germany's Students Have Good Reasons to Complain

By Richard Pells

BONN — Bonn, a town that reporters habitually describe as snoozy, woke up last week. Universities throughout Germany shut down, and 50,000 students invaded Bonn to protest the government's shrinking financial support for German higher education.

Libraries, the marchers asserted, were crumbling; classrooms were crammed; professors were imperious; the curriculum was irrelevant to the requirements of the 21st century.

There were placards, songs and speeches. Even members of the Bundestag took notice.

One of the marchers remarked to me that all this must look strange to an American. Why? I asked. "Students on strike," she replied.

I told her that I, too, had once been a student on strike — at Harvard in 1968. In that now distant year it seemed as if students all over the world were on strike. I could almost imagine an earlier version of this rally taking place in Berlin or Paris, Madison or Berkeley.

Yet there was a strangeness, in contrast to the upheavals of the late 1960s. Everyone in Bonn was incessantly polite. A few banners proclaimed that "Kohl Must Go," but this slogan lacked the fury of "Hey Hey LBJ ... How Many Kids Did You Kill Today?"

There were no occupations of university buildings, with someone shrieking through a bullhorn about demolishing the educational-industrial complex. No working-class cops, armed with truncheons and tear gas, waited to unleash their rage at the children of affluence.

The Polizei, many of them as young as the students, were eager to help, pointing out portable bathrooms and directing traffic so that the marchers would not interfere with ordinary citizens engaged in their daily routines.

Nor was there the obligatory list of non-negotiable demands, beginning with amnesty for the demonstrators. Professors, administrators and politicians all expressed sympathy. Everyone seemed ready to bargain.

No, the student strikers in Bonn would not bring down Helmut Kohl as their predecessors in Paris nearly toppled Charles de Gaulle. But the educational issues are even more serious than they were in 1968.

Students march because their universities are no longer functioning. Graduate students write seminar papers based on scanty research because neither libraries nor local bookstores stock the necessary books. Undergraduates attend gigantic lecture courses for which they get no credit and where they are expected to do nothing but listen to a lecture read in a monotone as if no audience were present. As the semester wears on, the audience stops coming to class.

As governments throughout Western Europe try to reduce their budgets, students are also facing for the first time since World War II the prospect of paying for their education.

To an American parent shelling out to private or public universities an average of $20,000 a year per child, the notion of asking German students to help subsidize their own education hardly sounds outrageous. Yet German universities and departments, run by chaired professors who often act as if they were feudal lords, treat their students more like serfs than consumers.

German universities are hierarchies designed to inflate the status and prestige of the Herr Professor, who is shielded from students by a battalion of assistants and secretaries. Walk into any department building and you will see students waiting patiently, sometimes for hours, for the professor (almost always a male) to open his door for a few minutes before he scurries off to catch a flight to his next conference.

Worst of all, German students are being urged to complete their course work quickly, although, with an unemployment rate in Germany exceeding 12 percent, many of them can look forward upon graduation only to years of joblessness. It is one of the supreme ironies of this strike that students will stay in school as long as they can, no matter how deplorable the conditions, because life outside the ivory tower appears to them even more demoralizing.

The strike will end soon. None of the movement's leaders are dreaming, like their forerunners in the 1960s, of a permanent revolution. But the crisis in the universities will persist until the politicians in Bonn and in the Länder are willing to restructure higher education.

Otherwise, the politicians' hopes in 1997 of making Germany an economic and technological rival of America will turn out to be as evanescent as the dreams of the student revolutionaries in 1968.

The writer, a historian at the University of Texas, is teaching in Bonn as the Fulbright professor in American studies. He contributed this comment to the International Herald Tribune.

Human Rights May Be Coming

By Mary McGrory

WASHINGTON — Is it possible that there is a glimmer of light at the end of the human rights tunnel?

Obdurate governments — even ones that go in for barbed wire and searchlight surveillance, beatings, interrogations under torture — are beginning to get it.

That is not to say that second thoughts or remorse are setting in with fiends. It is just that from time to time they want something other than to demonstrate their capacity for inhumanity to man.

The long-sought release of China's Olympic-class dissident Wei Jingsheng was finally accomplished because China's president wanted a 21-gun salute, a red carpet and a state dinner during his recent visit to the United States.

He knew it would cost him. U.S. Ambassador James Sasser presented the tab before Jiang Zemin put a foot on the plane. Mr. Jiang could have it all, Mr. Sasser said, but there was a quid pro quo: Spring Wei Jingsheng. Such is the allure of presidential glamour that Mr. Wei was soon on a nonstop flight to Detroit.

His arrival went through the human rights community like an electric current. What happened is an argument for engagement with China. It was also an argument for Mr. Wei's central message: Tyrants understand only pressure.

In the long and impassioned diplomatic debate over how to handle bullies, how to lean on them to be decent while not threatening their sovereignty (they are frightfully sensitive, the poor dears), Mr. Wei took the aggressor's line.

What most people noticed about him — a relentless agitator who wrote sardonic, insulting letters to the rulers of his country and became a world symbol of defiance through his cheek and courage — was his unquenchable cheerfulness. His round face was almost radiant with purpose and pleasure. Depend on yourself, was his bracing message.

In an era notable for its whiners and handwringers, his refusal to excuse himself from valor beyond the call made him a miracle.

The same week that brought Mr. Wei out of his dungeon also brought forth two award-winning human rights activists from Turkey. The Robert F. Kennedy Foundation for Human Rights cited them for their bold and principled efforts to find justice for Turkey's Kurds.

The Turkish government feels so strongly about Kurdish aspirations for independence — although not for a separate state — that it jailed the first Kurdish woman ever elected to the Turkish Parliament, after she and 17 other Kurds won seats in 1991. She was found guilty of treason and sentenced to 15 years.

Among other things, she testified before the U.S. Congress's Committee on the Helsinki Commission, where she spoke of the aspirations of her ancient people and called on the Turkish government to seek a peaceful solution to an old feud.

Sezgin Tanrikulu, a Kurdish lawyer, said it never occurs to him to give up his dangerous work for his people. He went to see the imprisoned parliamentarian, Leyla Zana, just before he came to Washington to collect his prize.

His fellow winner, Senal Sarihan, is 49 and has two children. She served three years in jail for her opposition. She, too, has the ebullience that is apparently characteristic of civil rights activists.

In her only show of impatience during an interview, she said: "People here are always asking me if I'm afraid, if I wish I didn't have to go back. My parents were teachers, I have been an activist all my life."

The deputy chief of staff of the Turkish army has said for the first time that the government should seek a peaceful solution to the Turkish-Kurdish dispute. Has he begun to see the light?

Probably not. It's just that Ankara wants more; membership in the European Union. Britain, France and Germany have let it be known that they do not want to admit countries that do not treat their own people in a civilized way.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Murder Verdict

LONG ISLAND CITY, N.Y. — One of the most remarkable trials ever witnessed here was concluded this evening [Nov. 30] with the verdict of murder in the first degree against Martin Thorn, who, with his paramour, Mrs. Nack, had been indicted for doing away with one Guldensuppe, a former lover of Mrs. Nack. Both confessed to having together chopped the body into fragments and thrown them here and there into the river and the woods. The murderers and their victim were all of German origin and of low extraction.

1922: Selective Entry

PARIS — Mr. James R. Barbour, Paris representative of the Farmers' Loan and Trust Company, told a reporter yesterday [Nov. 30] that general opinion was against the removal of the present immigration restrictions. He said: "Experts state that if the United States were to open the gates, it is not the constructive or productive laborer from Western Europe that we would obtain, but a mob of uneducated individuals from the Eastern European countries, who would not be likely to become good citizens, and who might bring both disease and communist principles with them."

1947: Basic Needs

PARIS — [The Herald says in an Editorial:] By every indication, matters in France are reaching a climax. The spread of strikes and sabotage has almost engulfed the nation's industrial and transportation systems. Much of the discontent which impels the strike wave in France is beyond the power of the government to allay. It springs from basic shortages of basic commodities. More food, cheaper clothing alone can restore peace in France.

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LANGUAGE

What to Call the Person Who Minds the Kids

By William Safire

WASHINGTON — "Au Pairs Are Not Nannies, Care Givers Insist."

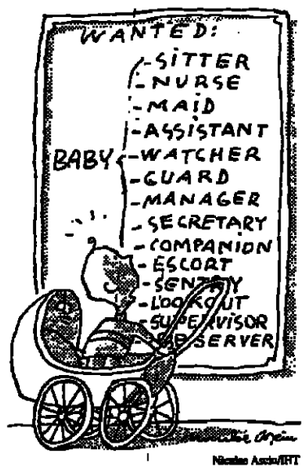
There was a New York Times headline that covered the linguistic water front. It had to do with the trial of Louise Woodward, the young British woman who was convicted in Massachusetts of manslaughter in the death of a baby she was hired to watch.

The reporter, Sara Rimer, explained that the French term, *au pair*, "is the designation for young foreigners who are brought to this country under a program overseen by the United States Information Agency — a cross between a cultural exchange and a relatively low-cost child-care service."

A Concord, Massachusetts, reader extended the definition: "*Au pair* is an abbreviation of '*etre au pair dans une maison*,' which the French dictionary Larousse defines as 'free board and room without salary.' Therefore, young women who take care of children and receive a salary in addition to free room and board are not *au pairs*."

The term originated in 1897 to mean one who entered a European school to teach English while learning French or German.

Time magazine entered the synonymy dodge with a more current differentiation: "Americans tend to use the terms '*au pair*' and '*nanny*' interchangeably, but there is a difference. *Nannies* are formally trained in child care and are paid upwards of $300 a week. *Au pairs* (the term roughly translates as 'equal' in French) are teenagers who receive smal salaries and expect to be treated as *quasi family* members in exchange for some housework and child care."



Nicolas Assin/IHT

An *au pair* is thought of as a young person, from late teens to mid-20s, who is given an "allowance" or stipend similar to that given a dependent youth in a family. A *nanny* is older and is more often considered a domestic employee — a professional instructor as well as a minder. The name comes from the pet name of a person named Ann; perhaps some English child in the late 18th century had a governess of that name.

Women in this set used to be called *governesses*, a word coined in 1483 about a king who made his daughter "maystresse and *gouvernesse* of moo than two hondred Vyrgyns." That challenging task was later reduced to caring for children in a single family by a woman often derogated for her stern visage. "I think good looks are rather out of place in a *governess*," wrote Mary Hawker in "Mademoiselle Ixe" in 1890; a generation later, the French author Colette wrote: "I look like a molting bird. I look like a *governess* in distress."

This unfair physical characterization of *governesses* helped cause the term to fall into disuse; that, and the resistance of children to *governance*.

The replacement ranged from the 1937 *baby-sitter* (young person hired to "mind" children but not to instruct them) to the more professional *nursemaid* for taking care of infants.

Then *care* took over. In The New Yorker last month, Stacy Schiff, writing of "*the stranger who is looking* after your children," toured the horizon: "Enter the *nanny*, the *baby-sitter*, the *au pair*, the *child-care provider*, the nonbiological *care giver*."

Lisbeth B. Schorr, author of the new "Common Purpose" (Doubleday), a shibboleth-shattering take on ways to strengthen families, devotes a chapter to *child protection*, a more active form of care.

How do you advertise creatively for someone who shuns labels to look after your kids? Wanted: *duenna* or *amah*. . . .

New York Times Service

BRIDGE

By Alan Truscott

PLAYERS from the New York metropolitan area were winning most of the titles at the American Contract Bridge League's Fall Nationals in St. Louis, Missouri, recently. First, Sylvia Moss of Manhattan was a winner in the Women's Pairs. Then Jim Krekorian and Bob Blanchard of Manhattan won the Open Board-a-Match Teams with John Rengstorff, also of Manhattan, and Doug Doub of West Hartford, Connecticut. And the Women's Teams was won by Sue Picus of Manhattan, Lisa Berkowitz of Old Tappan, New Jersey, Rozanne Pollack of Warren, New Jersey, and Connie Goldberg of Philadelphia.

Goldberg played three hearts as South on the diagrammed deal, after East had opened three clubs. The opening lead of the club jack was covered with the king and won with the ace. Unsure of the location of the club *nine*, East shifted to a diamond. South allowed the queen to win and a second diamond was won with dummy's ace.

A heart was led to the ace, collecting the queen, and a spade finesse succeeded. A diamond ruff permitted another spade finesse and the spade ace was cashed. South needed two more tricks in the position shown at right.

When a club was led from dummy, East grabbed the queen, having worked out that South held the nine. She was right about that, but the play was wrong: the contract was now unbeatable whatever West did. But if East had played low, West would have been able to ruff and lead two rounds of trump, leaving South with a loser in one hand or the other.

In the replay misdefense permitted Berkowitz, as East, to succeed in three clubs.

NORTH
♠ A Q
♥ J 9 7
♦ A 10 8 4
♣ K 8 2

WEST
♠ K 5 3 2
♥ K 8 6 4
♦ K Q 7 2
♣ J

EAST (D)
♠ 8 6
♥ Q
♦ J 9 3
♦ A Q 8 7 5
♣ 4 3

SOUTH
♠ 10 9 7 4
♥ A 10 5 3 2
♦ 6 5
♣ 9 6

Both sides were vulnerable. The bidding:

East	South	West	North
3 C	Pass	Pass	Dbl.
Pass	3 S	Pass	Pass
Pass			

West led the club jack.

NORTH
♠ –
♥ J 9
♦ –
♣ 10 2

WEST
♠ K
♥ K 8 6
♦ –
♣ –

EAST
♠ –
♥ –
♦ –
♣ Q 8 7 5

SOUTH
♠ 10
♥ 10 5
♦ –
♣ 9

BOOKS

McLIBEL: Burger Culture on Trial

By John Vidal. Illustrated. 354 pages. The New Press. $24.

Reviewed by Sarah Lyall

IN December 1991, Helen Steel, one of the British anti-McDonald's campaigners who became known as the McLibel Two after the hamburger conglomerate sued them for libel, decided that the case probably wouldn't go to trial and, even if it did, was unlikely to last more than a couple of weeks. So she went off to live on an organic farm — a short-lived retreat if there ever was one. The case dragged on for seven excruciating years, generated some 58,000 pages of documents and trial transcripts and took up an astonishing 313 days in court, making it the longest trial in English history. The case, in which the McLibel Two had to defend the accuracy of statements like "The menus of the burger chains are based on the torture and murder of millions of animals" (from a leaflet they had helped distribute in the late 1980s), became a referendum on Britain's outdated libel laws as much as a referendum on McDonald's itself.

Forced by lack of money to serve as their own lawyers, Steel, a part-time bartender, and her co-defendant, Dave Morris, an out-of-work mailman, immersed themselves in McDonald's arcana. They learned about the effects of coffee cups on landfills, about the life expectancy of cows used to make Big Macs and about how Ronald McDonald persuades children to buy McNuggets. They learned about the nutritional merit, or lack thereof, of a Coke and large order of fries. After an inauspicious start, in which they couldn't hear what the judge was saying and didn't know what to do about it, they learned how to cross-examine witnesses, how to write briefs and — with the help of Justice Rodger Bell, the patient jurist on the bench — how to understand the strange conventions of the courtroom.

If Steel and Morris were living and breathing McLibel, then John Vidal, environmental editor at The Guardian in London, was apparently living and breathing right alongside them. "McLibel: Burger Culture on Trial" is a detailed and at times riveting look at two ordinary citizens' long, strange trip through the thickets of the British legal system as they fought charges from one of the world's biggest corporations — and one of the most pervasive symbols of American mass culture.

Vidal's book, which includes his own digs at McDonald's and other large companies, is most interesting when he sticks to the story of Steel and Morris, who emerge as stubborn and highly principled, if occasionally overwhelmed. Despite their handicaps — including having to discuss the case on the subway en route to court every morning, because there was no other time to meet — they never wavered in their determination to see the case through. When the two turned down the McDonald's settlement offer, for example, which included a gag clause forbidding them to discuss the case publicly, they insisted that they wouldn't agree to anything that infringed upon their freedom of speech. McDonald's replied that their speech wouldn't be restricted, because they would still be free to speak privately. "To point out how ridiculous it was we wrote back saying we would consider that point, if they agreed to cease all advertisements and promotions of McDonald's and its products," Steel told Vidal. "And we said, 'Of course this agreement wouldn't prevent you from privately recommending McDonald's to your friends and neighbors.' "

McDONALD'S never responded. Indeed, it never responded to Vidal's repeated requests to give its side of the story for "McLibel," which suffers as a result. But as the case unfolds through Vidal's sharp and observant lens — even before the judge delivers a mixed verdict, finding Steel and Morris guilty of libel but embarrassing McDonald's by saying, among other things, the chain was responsible for cruelty to animals — the reader is given a rare look at two unbowed and unbloodied campaigners fighting for what they believe in.

New York Times Service

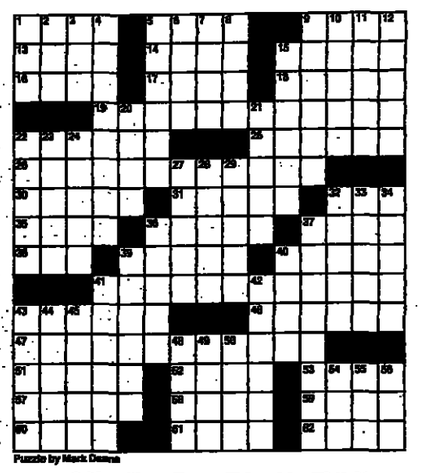
CROSSWORD

ACROSS
1 Fill in at the office
5 Manias
9 Dressed
13 L.A.-based petroleum giant
14 "Dies ——" (hymn)
15 Salty
16 Corner square in Monopoly
17 Lounge
18 Suddenly leap (at)
19 Second of two pieces of fire truck equipment
22 Take for granted
25 Paragons
26 More drenched minister, at times
30 One who's out of this world?
31 Pays attention to
32 Pie holder
35 Ranges of knowledge
36 Smutty
37 Ending with Cine- or cyclo-
38 Superlative suffix
39 Count —— & His Orchestra
40 Motive questioner
41 Resentful auctioneer
43 ——Lorraine (French region)
46 "Relax, soldiers!"
47 Murmur "a good bad-weather race horse"
51 Thrown for ——
52 Footnote abbr.
53 Morsel for Miss Muffet
57 Former Sen. Sam and family
58 Highway hauler
59 Manipulator
60 Enzyme suffixes
61 Mahogany or maple
62 Prepare, as the way

DOWN
1 —— Mahal
2 Period in history
3 AT&T alternative
4 Harms the environment
5 Aquarium purifier
6 "I smell ——!"
7 Stun
8 Clairvoyant
9 Less refined
10 Actress Hamilton or Hunt
11 Heavenly host?
12 Salon professionals
16 In-line skates, for short
20 Prayer closer
21 Nixon staffer G. Gordon ——
22 Conscious
23 Tennis star with a palindromic name
24 Limited work assignment
27 Bridge precursor
28 Strange
29 Discourage from acting
32 Bear that's not really a bear
33 Gallic girlfriends
34 Mother-of-pearl
36 Library gizmo
37 International golf competition
39 Bodybuilder's bulges
42 Commend officially
41 Majorettes twirl them
42 Villain, slangily
43 Major oven maker
44 Dozzles
45 Rock
48 Morning haze
49 Over, in Österreich
50 Bygone phone call cost
54 Olympics chant
55 Gun, as an engine
56 Rap's Dr. ——

Solution to Puzzle of Nov. 28

S	O	C	K	E	T		A	S	P	I	S	H		
T	H	R	I	V	E		P	H	A	N	T	O	M	
A	B	A	T	E	R		L	I	S	T	E	N	E	D
G	O	V	E	R	N	M	E	N	T		M	E	T	A
E	Y	E	S			A	N	N	E	X		S	C	I
			M	O	N	T	Y		F	E	T	A	S	
	S	C	U	L	L	Y		V	I	R	I	L	E	
F	A	T	A	L	L	Y		B	E	L	I	E	F	S
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		D	O	P	E	R	S			M	A	S	O	N	S


Puzzle by Mark Danna

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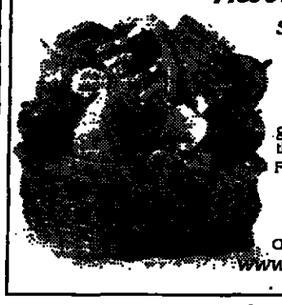
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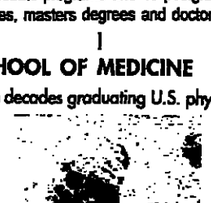
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In Wake of Asian Crisis, China's Red-Hot Economy Appears to Cool

By Steven Mufson
Washington Post Service

BEIJING — China's breakneck economic growth appears to be slowing down, just as the rest of Asia is grappling with currency and stock market crises.

From idle factories in Sichuan to the sparse crowds at pricey retail stores in Shanghai, from disappointed farmers in northern China to anxious textile exporters in the southern city of Shenzhen, it looks like China's red-hot economy is cooling off.

Although at least one billboard urges Chinese to "Raise High the Banner of Deng Xiaoping Thought," most signs on top of buildings proclaim: "Space for Rent."

To be sure, cooling off in China is a relative term. Over the past six years, China's economy has grown at a blistering pace of about 11 percent a year. This year it is expected to grow about 8 percent.

But as Asia's currencies and stock markets collapse like dominoes, the slowing of China's economy is making policymakers and investors wonder: Will China be next?

Many analysts and investors are worried that slower growth will expose the flaws in China's economic miracle: the troubled banking system, the money-losing state-owned enterprises, a real estate bubble and vulnerability to intensified competition from Asian neighbors.

"The Southeast and East Asian nations undergoing financial crises are all characterized by the combination of initially overvalued currencies, significant external debt and weak banking systems. China shares these characteristics," said Nicholas Lardy, an economist and senior fellow at the Brookings Institution.

For now, Mr. Lardy and others say, China appears to be well-insulated against the shocks that have hit the rest of Asia in the past month. The Chinese currency is not convertible, so people cannot withdraw their money and cannot bet against it on currency markets. Moreover, most of China's investment is direct investment in real estate and factories, and most of those companies are here for the long haul. China's $116 billion in external debt is mostly long-term. In addition, China is holding about $130 billion in reserves, a powerful war chest for fending off speculators who might try to attack the currency of Beijing's recently retrieved jewel, Hong Kong.

Still, investor concerns have rattled Chinese and Hong Kong markets this past week. Shares of Chinese companies on the Shanghai and Shenzhen exchanges tumbled to new lows for the year. The Hong Kong exchange's index of "red-chip" companies connected to China sank to less than half its peak just five months ago.

"People are getting worried about the Chinese economy because all the Asian economies are in trouble and China in a way has been excluded from the turmoil," said Maurien Yau, a Hong Kong-based analyst of red-chip companies at Bear Stearns & Co. "Given that all Asia is in trouble, how can China stand alone?"

"Moreover," the analyst added, "the

See CHINA, Page 13

A Cartoonist Creates New Kind of Cyber Pitch

Plugging Users Right Into Tower Records

By Brad Spurgeon
International Herald Tribune

LOS ANGELES, California — At the end of the George Liquor cartoon show on the Internet, the star scolds his nephew, Jimmy the Idiot Boy, for showing up at breakfast with uncombed hair.

George then turns to the computer user and says, "You like my show? Well you can thank Tower Records. So buy a CD, will ya? Keep us on the air. You don't want to see an idiot starve, do you?"



The browser then automatically logs the user on to the Tower Records site and a page about a band called The Jerky Boys.

While Internet users are known for their outspoken resentment of intrusive advertising, this new kind of cyber pitch from the cartoonist John Kricfalusi may even create some fans.

That's because it brings them a new dose of work from the innovative animator who created the U.S. television hit in the early 1990's, "The Ren & Stimpy Show."

Often considered the most avant garde of the new wave of cartoons like "The Simpsons" and "Beavis and Butthead," "Ren & Stimpy" was also among the shortest lived but did create a cult following of sorts.

Now Mr. Kricfalusi is back, and this time he's hawking products on the Internet.

While he was trying to make a new start after selling the rights to "Ren & Stimpy" to Nickelodeon in 1995, he discovered Macromedia's Shockwave Flash digital animation technology. The software allows animation to be viewed over the Internet with Netscape Navigator or Internet Explorer, in a quality only slightly less detailed than film, but with sharper color.

Mr. Kricfalusi then realized he could produce his George Liquor series without the support of a major studio and on his own Web site at www.spumco.com (named after his animation company). After financing the first two segments himself, he then got the Tower sponsorship for his new Internet advertising method.

"The Internet ad business is constructed around banner ads," Mr. Kricfalusi said in his office crowded with drawings and dolls of George Liquor, Ren & Stimpy and The Three Stooges. "Until recently banner ads were just stale little buttons that nobody would look at. What sponsors would really like is to get people to their Web page."

That, he said, is nearly impossible without forcing them.

"On the radio," he said, "if you're listening to Howard Stern, all you really want is to listen to Howard Stern. You don't want to hear the 20 minutes of commercials they give you every half hour. But you don't want to miss anything, so you sit through them and you wait for Howard to come back. You're stuck. You've got no choice. Television's the same: No choice."

Mr. Kricfalusi turned for inspiration to the techniques of the past. In the early decades of television and radio, it was common to have programs named after their sponsors, with the stars of the programs plugging the product — "The Chase & Sanborn Show," starring Edgar Bergen and Charlie McCarthy, with W.C. Fields as a frequent guest, for example.

"It's not some cold commercial that is obviously a commercial and that makes you get up from the couch and go make a sandwich," Mr. Kricfalusi said. "If Jack Benny's going to do the commercial and he's going to do it funny, and use his writers to write the commercial, you stick around for it. You pay attention to it. And you're laughing the whole time, so you're enjoying the commercial. And then you associate your enjoyable experience with the product."

The concept is similar to the now-ubiquitous "infomercial" shows on American television that combine commercial advertising with "programming."



Brad Spurgeon/International Herald Tribune
The cartoonist John Kricfalusi in his Los Angeles studio.

These forms of advertising are not used for children's programming on television. Jim Spaeth, president of the Advertising Research Foundation, a think tank in New York that aims to improve advertising methods, said studies show that young children are incapable of distinguishing between when a cartoon character is in a show or in a commercial.

But it is not regulated on the Internet, and George Liquor is not aimed at children.

Mike Farrace, vice president of publishing and electronic marketing for Tower Records, said the company is hoping to attract 15- to 30-year-old males for the Jerky Boy's records. He likes the ad "because it brings the customer right to us," but he said they decided to sponsor the show mainly because of the cartoons.

"It's an irreverent cartoon and it really goes for just the dumb yuks," he said.

But what about those resentful Internet users?

"You'd certainly have to be pretty repressed to get angry because you're on a free Internet site and looked at a free cartoon, and the guy said, 'Brought to you by Tower Records,'" Mr. Farrace said.

Tower is paying Mr. Kricfalusi's cartoon company a flat fee for the advertisement, plus a commission on any sales of Jerky Boys records ordered from the site.

Internet address: cyberscape@ihi.com

Seoul and IMF Agree On 'Immediate' Payout

Rescue Deal to Top $50 Billion, Officials Say

By Don Kirk
Special to the Herald Tribune

SEOUL — South Korea reached agreement with the International Monetary Fund late Sunday on a package that, if approved by the Fund, would immediately start the flow of rescue funds to the South Korean economy, officials said.

"The final agreement was signed," Finance Minister Lim Chang Yuel told reporters early Monday. "We'll announce it this morning."

The chief negotiator for the IMF, Hubert Neiss, was at his side.

Neither Mr. Lim nor Mr. Neiss elaborated on the details of the agreement. But South Korean news services, quoting government officials, said the total package would be between $50 billion and $60 billion, with the first installment of $10 billion to come as soon as this week.

The accord must be approved by the Fund's director-general, Michel Camdessus, and by the IMF Committee. Mr. Camdessus is scheduled to arrive Thursday in Seoul.

"I did my best to get a good agreement," Mr. Lim said, adding that once the IMF Committee approved the deal, "the money will be made available immediately."

In announcing the speed with which the funds are to start flowing, the government and IMF negotiators signaled their agreement that Seoul needed the first installment of financial aid urgently to halt precipitous declines in its stock market and currency. South Korean stocks finished Friday at their lowest level in more than 10 years, and the won is trading at historic lows against the dollar.

The IMF is providing the line of credit so that the South Korean Treasury will be able to replenish its hard-currency reserves, assuring foreigners that domestic companies and the government will have money to pay their debts. The central bank will also be able to use the funds to buy won in the currency markets, limiting damage from speculative attacks.

Negotiators for both sides spent most of Sunday trying to resolve differences in their positions in time for Mr. Lim to present the package to President Kim Young Sam and the rest of the cabinet Monday morning.

A sticking point was whether to force the closure of a dozen investment banks and several commercial banks, as the IMF was demanding, or encourage mergers and acquisitions between weak and strong entities, as Seoul wanted. Sources close to the talks said negotiators had

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Asia Rescue Fund: Delay Seen

Compiled by Our Staff From Dispatches

KUALA LUMPUR — An emergency rescue fund for ailing Southeast Asian economies may not be set up until next year because of turmoil in the region, Malaysia's finance minister said Sunday.

The minister, Anwar Ibrahim, said Asian finance ministers would discuss the proposed fund in two days of meetings starting Monday in Kuala Lumpur but that a decision was likely to be postponed. He said there was enthusiasm for the proposed fund but that countries such as South Korea needed to address complex economic problems before being able to make such a decision.

"There are difficulties faced by many member countries," he said. "They need to get their house in order."

Asked when the facility might be approved, Mr. Anwar said, "If it can't

See RESCUE, Page 13

After Japan, Crisis Could Wash Ashore in U.S.

Troubled Banks and Insurers Will Face Pressure to Cash In Their Trove of Treasury Issues

By Carl Gewirtz
International Herald Tribune

PARIS — The deepening financial turmoil in Asia, first seen as a containable regional crisis, is mutating into a dangerously contagious threat to global stability now that Japan has been pulled into the fray.

In purely economic terms, the expected sharp slowdown in growth that is bound to accompany the forced industrial and financial restructuring in Southeast Asia and South Korea and the reduced prospects for recovery in Japan should have only a small impact on the rest of the world.

NEWS ANALYSIS

Global growth next year, according to John Llewellyn at Lehman Brothers, is likely to be 2.5 percent — 0.5 percentage point less than it would otherwise have been.

Moreover, the Asian problems are seen as having an array of beneficial side effects — from keeping a lid on world commodity prices and worldwide inflation to fostering a slowdown in U.S. exports that should produce a welcome cooling of activity there.

But the threat to global well-being is not economic but financial.

Just as the upsets in Thailand, Malaysia, Indonesia and the Philippines exposed the long-standing ills of financial institutions in Japan, the problems in Japan bare the dependency of the United States on capital imports as the world's largest debtor.

The projected $187 billion deficit between what the United States earns and spends abroad this year could hit $300 billion in 1998, said Brendan Brown of Tokyo-Mitsubishi Bank, as U.S. exports fade while imports soar from Asian countries whose currencies have been sharply devalued. If foreign creditors seek repayment of U.S. debt even as it grows, the burden could severely strain the United States.

Analysts at Paribas Capital Markets in London estimated that Japan alone held $320 billion of U.S. Treasury securities, or about one-third of the total outstanding. Other Asian investors hold a further $160 billion.

Asian central banks that depleted their reserves in the losing battles to defend their currencies have accounted for most of the decline reported this year in U.S. securities held by the U.S. Federal Reserve System on behalf of other central banks.

What Japanese insurance companies and banks do with their estimated $211 billion of Treasury securities holds the key to whether the turbulence in Asia infects the United States and, ultimately, markets everywhere. An upset in the bond market would unnerve the U.S. stock market, and the two set the tone for markets around the world.

Analysts around the world insist that common sense dictates that Japanese investors hold their U.S. securities. The logic is that with interest rates in Japan ranging from 0.5 percent on overnight money up to only 1.96 percent for 10 years, the Japanese cannot afford to give up the higher income on their U.S. holdings, whose rates for comparable periods range from 5.5 percent to 5.87 percent.

But as long as a sell-off cannot be ruled out, it looms as a threat and lends itself to rumors. U.S. bankers reported recently seeing moderately heavy selling by the Japanese, but European bankers insist that the sellers were U.S. banks apparently acting on the assumption that the Japanese would sell.

Major Japanese insurance companies, for their part, say they intend to increase their holdings of foreign assets. Such purchases may have accounted for the sales of yen that drove the dollar to a five-year high of 127.97 yen last week. It finished the week at 127.85 yen.

Jesper Koll at J.P. Morgan & Co. in Tokyo said net investment outflows from Japan were running at more than $6.5 billion a month.

But it is impossible to measure the effect foreign hedge funds have had on the exchange rate as they, too, borrow cheap yen and sell them to invest in higher-yielding foreign assets. Mr. Koll said such yen borrowing amounted to more than $30 billion.

The consensus among analysts is that the dollar is easily headed to 130 yen, possibly as high as 140 yen. But were the Japanese to sell their dollar holdings and repatriate profits, the dollar could weaken rather than strengthen.

"We're headed for a period of heightened volatility," said John Lipsky of Chase Manhattan. "Investors see the odds favoring continued strength of the dollar, but this is an unsettled, tense period where it's not fundamentals that will drive the exchange rate but policy actions."

Tokyo earned high praise for flooding its market with cash last week, easing fears that a drying-up of short-term credit could drive even healthy financial institutions into difficulties. But it is an open question whether financial markets in Japan will remain calm until the government details its plans for action and whether that action will be deemed sufficient.

The Liberal Democratic Party of Prime Minister Ryutaro Hashimoto is to spell out its proposal Dec. 10, and the government is to finalize its plan Dec. 16.

The key to the future, said Yuan Wang of Caisse des Depots & Consignations, the largest French institutional investor, is what happens to Japanese stock prices. If the Nikkei 225 index drops below 14,000 points, she said, weak Japanese insurance companies will have no choice but to repatriate profits.

The index finished at 16,636.26 points last week, but analysts at Deutsche Morgan Grenfell analysts have forecast that it will be at 12,000 by the end of the first quarter of 1998.

Ms. Wang calculated that Japanese banks, which include unrealized capital gains on stocks in their measure of capital, would be forced to sell domestic shareholdings if the Nikkei were to fall below 16,000 to meet capital-adequacy requirements. If such selling were to push the index below 14,000, which she labeled "an extremely critical threshold," the insurance companies would be sucked into the turbulence.

To meet the minimum return of 5.6 percent that was guaranteed on policies sold until 1993, she said, the four weakest of the top eight insurers would be obliged to sell Treasury bonds and repatriate their profits.

CURRENCY RATES

Cross Rates — Nov. 28

	$	£	DM	FF	Lira	DFl	BF	SF	Yen	C$	Peseta
Amsterdam	1.9881	3.246	1.1269	03368	0.115*	—	5.483*	1.2845	1.5565*	1.386	1.333*
Brussels	36.335	61.11	20.6275	6.165	2.1029*	18.264	—	23.53	0.2848	25.33	24.44*
Frankfurt	1.5437	2.5934	—	0.2908	0.1017*	0.867	4.848*	1.2264	1.3332*	1.241	1.197*
London (a)	1.5948	—	2.9717	9.9463	2.911.42	3.3493	61.3099	2.402	215.033	2.2902	231.25
Madrid	149.84	250.089	84.538	25.361	8.638*	75.899	4.8985	164.553	116.348*	104.894	—
Milan	1,728.03	2,895.00	979.00	292.55	—	868.00	47.46	1,251.00	13.537	1,295.50	11.536
New York (b)	—	1.6885*	1.3644	5.9945	1,729.00	1.9885	36.01	1.4282	127.85	1.4237	148.07
Paris	5.9081	9.9005	3.3467	—	0.3446*	2.9600	0.1622	4.139	4.4078*	4.1521	3.997*
Tokyo	127.39	212.87	71.92	21.52	0.236	63.91	2.4926	89.29	—	89.27	0.8523
Toronto	1.4325	2.4026	0.8068	0.2411	0.0824*	0.7198	0.397	0.9991	1.1206*	—	0.954*
Zurich	1.426	2.4069	0.8085	0.2405	0.0825*	0.7173	2.9184*	—	1.117*	1.0016	0.9560*
1 ECU	1.121	0.6482	1.9769	6.6159	1.536.91	2.2237	40.7767	1.5984	143.347	1.5934	167.11
1 SDR	1.3638	0.8157	2.384	8.0077	2.336.67	2.6963	49.4648	1.9353	173.882	1.9402	202.372

Closings in Amsterdam, London, Milan, Paris and Zurich; listings in other centers: New York and Toronto rates as of 4 P.M.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	276.55	Mex. peso	8.21	S. Afr. rand	4.8540
Australian $	1.4652	Hong Kong $	7.7298	N. Zealand $	1.6221	S. Kor. won	1170.5
Austrian sch.	12.406	Hung. forint	199.12	Norw. krone	7.187	Saud. Arabia	7.7378
Brazil real	1.1102	Indian rupee	38.56	Phil. peso	34.70	Taiwan $	32.27
Chinese yuan	8.3103	Indo. rupiah	3655.0	Polish zloty	3.53	Thai baht	39.55
Czech koruna	34.14	Irish £	0.6756	Port. escudo	179.99	Turkish lira	193675
Danish krone	6.7107	Israeli shek.	3.5371	Russ ruble	5951.0	UAE dirham	3.6710
Egypt. pound	3.4045	Kuw dinar	0.3033	Saudi riyal	3.7505	Venez. bolfv.	500.25
Fin. markka	5.3285	Malay. ring.	3.5175	Sing. $	1.5943		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6758	1.6735	1.6711	Swiss franc	1.4248	1.4243	1.4238
Canadian dollar	1.4213	1.4196	1.4180				
Deutsche mark	1.7602	1.7571	1.7543				
Japanese yen	126.94	126.34	125.67				

Sources: ING Bank (Amsterdam); Commerzbank (Frankfurt); Bank of Montreal (Toronto); Bank of Tokyo-Mitsubishi (Tokyo); Banque Paribas (Paris); Bankers Trust (New York); Barclays Bank (London); Dresdner Bank (Frankfurt); Istituto Bancario San Paolo di Torino (Milan); Kredietbank (Brussels); Merrill Lynch (New York); Reuters; Union Bank of Switzerland (Zurich).
Investment Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Martina Hingis' Choice



Speedmaster Automatic
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CAPITAL MARKETS ON MONDAY

Tokyo Traders 'Are Holding Their Breath'

Bloomberg News

TOKYO — Japanese bonds are likely to trade little changed this week as uncertainty over the country's financial system keeps investors from placing big bets, traders said.

A string of corporate failures — notably the announcement last Monday that Yamaichi Securities Co., Japan's fourth-largest brokerage, would shut down — is shaking confidence in the country's financial industry.

To try to ensure liquidity, the Bank of Japan on Friday injected 3 trillion yen ($23.6 billion) into the banking system, according to published reports. Prime Minister Ryutaro Hashimoto said Saturday that depositors, but not ailing financial institutions, would be protected with public funds, the Nihon Keizai Shimbun reported.

Investors and traders "are holding their breath waiting to see what will happen to short-term interest rates," said Akio Makabe, senior vice president and head of the capital markets trading group at Dai-Ichi Kangyo Bank Ltd.

Last week the price of the benchmark No. 182 government bond, maturing in September 2005, rose 30 yen for each 50,000 yen in face value. Its yield fell to 1.72 percent from 1.73 percent.

Banks raise funds in the interbank market to buy bonds. Concern over their financial health, however, makes it more difficult for them to raise cash, tightening lending in the market and making it more expensive.

On Friday, the unsecured overnight call rate fell 24 basis points, or hundredths of a percentage point, to 0.39 percent after the Bank of Japan's infusion of liquidity left a record 3.7 trillion yen surplus in the banking system, the central bank said.

The central bank's action followed a surge in the rate Thursday to 0.64 percent, which reflected growing fear over banks' financial health, traders and investors said.

"Concern hasn't been quelled yet," said Toshiaki Kawai, deputy general manager of the treasury department at Sumitomo Bank Ltd.

Masao Kurozumi, a bond dealer at Bank of Tokyo-Mitsubishi, said short-term rates "could be unstable" for a while as investors await the release of a government rescue plan.

The governing Liberal Democratic Party will propose measures, probably Dec. 10, which may include using public funds to buy preferred shares of banks.

Will Japanese Investors Cash Out?

Fears of Sell-Off Held Back New York and Tokyo Markets Last Month

By Carl Gewirtz
International Herald Tribune

PARIS — Fears of a liquidity squeeze that could drive Japanese investors to cash in their bond holdings prevented both the Tokyo and New York markets from benefiting from last month's worldwide flight to the safety of government bonds.

Total returns in local currency, as reported by J.P. Morgan in its monthly Government Bond Index, show a negative 0.5 percent in Japan for the month, while the U.S. market eked out an advance of only 0.52 percent.

In contrast, France scored a gain of 1.14 percent, and smaller European markets fared even better. Italy, with a gain of 1.85 percent for the month, remains the best-performing major market so far this year — advancing 13.5 percent — and Denmark, Ireland and Spain also registered sharp gains in November. For Germany, with a monthly gain of 0.69 percent, the year's advance totals 5.22 percent.

With the international capital market virtually shuttered as investors sought to avoid risk and looked for shelter in domestic markets, Belgium used the opportunity to launch its long-planned sales of 10-year notes in the French domestic market. Buoyed by its success there, it launched a similar operation in Deutsche marks.

With Belgium's government bond market being among those least penetrated by nonresidents, the aim of the operation was to widen and diversify the audience for Belgian paper in preparation for the move to a common currency in much of Europe.

The French franc and mark issues, along with domestic Belgian franc paper, will become a combined issue denominated in euros, creating a benchmark at the euro's scheduled launching in January 1999. To accommodate the merging into a euro issue, all the paper carries the same coupon rate of 5.75 percent and identical maturity dates in 2008.

Initially, 3 billion French francs ($508 million) of paper was launched at an offering price just over par to yield 17 basis points, or hundredths of a percentage point, more than French government bonds of the same maturity. The underwriters, J.P. Morgan & Co. and Caisse des Depots & Consignations, said massive oversubscription had encouraged them to increase the issue to 4 billion francs. Because demand still had not been fully satisfied, the decision was made to place the issue in Germany, where 1.5 billion DM ($850 million) of paper was sold, also at a spread of 17 basis points over German government paper. J.P. Morgan and Deutsche Morgan Grenfell said the issue was more than two times oversubscribed.

European government bonds far outperformed Japanese and even U.S. ones in November.

Both the French franc and mark bonds ended the week trading at a spread of 15 basis points. An estimated 70 percent of the French franc issue was sold to investors in France and about 20 percent to U.S. offshore investors, underwriters said, while the mark issue was about 80 percent placed in Germany, with a substantial portion sold in France to accommodate investors who were unable to buy the franc paper.

More surprising, given the mood in the market, was the success of the equity-linked international issue sold by Cregem Finance. After the merger of Credit Communal de Belgique and Credit Local de France into Dexia, the Belgians ended up owning more than the 50 percent of the French unit that they intended to own, and Cregem Finance was set up to dispose of the excess holding of 1.3 million shares.

The eight-year notes carry a coupon of 3.25 percent, below the 3.8 percent dividend yield on the shares; but the lead manger, Morgan Stanley Dean Witter, said the paper was four times oversubscribed, despite a record — for the French market — 19 percent premium to buy the shares. The firm ascribed the heavy demand to the appeal of the shares, trading near their record high, and to the inherent protection of the bond, as holders can choose to redeem the bonds for cash if the shares fail to perform as expected.

Investor nervousness was most apparent in the secondary market. With Moody's Investors Service Inc. again lowering South Korea's foreign-currency rating for bonds and notes from A1 to A3, the spread on the Korean Development Bank's benchmark issue maturing in 2006 ended the week at 260 basis points over comparably dated U.S. government paper.

When the bonds were launched in mid-1996, they were sold at a spread of 74 basis points.

Even the highly rated Export-Import Bank of Japan saw the spread on its five-year notes widen to 36 basis points from 25 basis points a month ago.

By contrast, the spread on World Bank paper narrowed some five basis points on the week.

Analysts expect a continuation of this trend of widening spreads on risky paper and declining spreads on the most secure bonds.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Nov. 28. Prices supplied by Telekurs.

Rnk Name	Cpn	Maturity	Price	Yield
Argentine Peso				
160 Argentina FRN	3.205	04/01/07	91.3528	3.5000
241 Argentina FRN	3.203	04/01/01	100.8192	3.1700
Austrian Schilling				
223 Austria	5¾	07/15/07	100.4500	5.6000
Belgian Franc				
185 Belgium	zero	02/19/98	98.5543	6.4500
249 Belgium	7¾	12/22/00	108.1800	7.1600
British Pound				
118 EBRD	6.20	02/14/00	98.3750	6.3000
146 Britain	7	06/07/02	100.7500	6.9500
177 World Bank	6	03/01/00	99.7500	6.0200
183 IFCA	6.34	02/17/00	97.7500	6.4900
190 Fannie Mae	6.43	03/22/01	97.3512	6.6000
237 Abbey Natl TS	6	08/10/99	97.5000	6.1500
Canadian Dollar				
72 Canada	7½	12/01/03	111.0220	6.7600
79 Canada	6	03/15/98	100.5850	5.9700
127 Canada	7¼	06/01/07	112.1650	6.4600
151 Canada	7¼	06/01/03	109.2460	6.6400
Danish Krone				
7 Denmark	7	11/10/24	106.7300	6.5600
11 Denmark	8	03/15/06	114.0000	7.0200
14 Denmark	7	11/15/07	107.7000	6.5000
20 Denmark	6	12/10/99	102.3100	5.8600
40 Denmark	9	11/15/00	110.5300	8.1400
43 Denmark	9	11/15/98	104.1000	8.6500
46 Denmark	6	11/15/02	103.0300	5.8200
51 Denmark	7	12/15/04	107.5500	6.5100
56 Denmark	8	05/15/03	111.9800	7.1400
57 Denmark	8	11/15/01	109.9400	7.2800
100 Denmark	4	02/15/00	98.4500	4.0600
112 Nykredit	6	10/01/26	94.1000	6.3800
130 Nykredit	7	10/01/29	96.9000	7.2200
156 Real Kredit	6	10/01/26	93.7500	6.4000
157 Denmark Tbills	zero	02/02/98	99.3027	3.8300
161 Denmark	6	02/15/99	101.9600	5.8800
164 Denmark	7	02/15/98	100.5800	6.9600
Deutsche Mark				
1 Germany	6	07/04/07	102.5316	5.8500
3 Germany	6½	07/04/27	105.6500	6.1500
4 Germany	4	09/17/99	99.8300	4.0100
5 Germany	4½	08/19/02	97.9400	4.5900
6 Germany	6	01/04/07	102.0837	5.8800
8 Germany	7⅜	01/03/05	110.3874	6.6800
9 Germany	8¼	08/20/01	113.1200	7.7400
10 Germany	8	01/21/02	111.3100	7.1900
12 Germany 94	6¼	01/04/24	102.6080	6.0900
13 Germany	6⅞	05/12/05	109.4473	6.2800
15 Treuhand	7⅛	12/02/02	105.8891	6.9600
16 Germany	4½	05/17/02	98.1850	4.5800
17 Germany	3½	06/18/99	96.0542	3.6400
18 Germany	6¼	04/26/06	105.3600	5.9300
19 Germany	8	07/22/02	112.0667	7.1400
21 Bundesobligation	4½	02/22/02	98.5200	4.5700
22 Germany	9	10/20/00	109.2238	8.2400
23 Germany	6½	10/14/05	103.2097	6.3000
25 Germany	6	01/05/06	102.3799	5.8600
26 Germany	6¾	09/15/99	104.3641	6.4700
27 Germany	8¼	09/20/01	111.7141	7.3800
28 Federal Tsy	3¾	03/19/99	98.5309	3.8100
29 Germany	8½	02/20/01	110.9700	7.6600
32 Treuhand	7½	09/09/04	109.8742	6.8300
34 Treuhand	7¾	10/01/02	111.3300	6.9600
35 Treuhand	6⅝	07/09/03	106.8633	6.2000
36 Treuhand	7⅛	01/29/03	108.9275	6.5400
38 Germany	9	01/22/01	112.1900	8.0200
39 Germany	7⅛	10/21/02	106.7523	6.7900
41 Germany	6	02/16/06	103.6825	5.7900
42 Germany	5	08/20/01	100.6497	4.9700
45 Germany	7	01/13/00	105.1950	6.6500
47 Germany	4¾	11/20/01	99.6038	4.7700
49 Germany	6	09/15/03	104.0300	5.7700
50 Treuhand	6⅞	06/11/03	108.0100	6.3700
52 Germany	8⅞	12/20/00	111.5900	7.9500
54 Treuhand	7	11/25/99	104.9300	6.6700
55 Germany	6½	07/15/03	106.3000	6.1100
58 Germany	6	06/20/16	101.5586	5.9100
59 Treuhand	6¾	05/13/04	107.9113	6.2600
60 Germany	5¼	02/21/01	101.5200	5.1700
61 Germany	5⅞	05/15/00	103.1150	5.7000
62 Treuhand	6⅝	07/01/99	103.1700	6.1800
65 Germany	7½	11/11/04	112.3633	6.6700
67 Treuhand	6½	04/23/03	106.2500	6.1200
69 Germany	7⅛	12/20/02	108.9700	6.5400
70 Germany	5¾	08/22/00	102.9200	5.5900
71 Germany	5	05/21/01	100.7900	4.9600
75 Germany	8⅜	05/21/01	111.1850	7.5300
76 Germany SP	zero	07/04/27	16.0700	6.3700
77 Germany	3½	12/18/98	96.9877	3.6100
82 Treuhand	5	12/17/98	100.9400	4.9500
83 Germany	5⅛	11/21/00	101.3233	5.0600
84 Germany	8¾	05/22/00	109.6700	7.9800
85 Treuhand	6¼	07/29/99	103.0900	6.0600
86 Germany	3¾	09/18/98	99.6500	3.5100
87 Treuhand	6⅛	03/26/98	99.5240	6.1500
91 Germany Tbills	zero	04/17/98	98.6479	3.5900
95 Germany	8¾	07/20/00	110.1500	7.9400
97 Germany	6½	03/15/00	104.3650	6.2300
98 Treuhand	5⅝	09/24/98	101.2900	5.5500
99 Germany	6¾	07/15/04	108.1000	6.2400
102 Germany	7¾	02/21/00	106.8700	7.2500
103 Treuhand	6¼	03/04/04	105.3500	5.9300
111 Germany	6½	01/02/99	102.5225	6.3400
115 Germany	6⅞	12/02/98	102.7300	6.6900
116 Germany	8½	08/21/00	109.7820	7.7400
117 Germany	6¾	04/22/03	107.4300	6.2800
126 Germany	6⅜	05/20/98	101.1300	6.3000
132 Germany	6	02/20/98	100.4500	5.9700
133 Germany	5⅝	09/20/16	97.0000	5.8000
134 Germany	6⅞	02/24/99	100.0667	6.8700
135 Germany	7	10/20/99	101.7206	6.8800
138 Treuhand	6⅛	06/25/98	101.2100	6.0500
140 Germany	6⅛	05/20/99	102.6800	5.9700
143 Germany FRN	3¼	04/06/00	97.4528	3.3300
152 Germany FRN	3.048	09/30/04	99.1500	3.0700
167 Germany	7¼	01/20/00	105.6800	6.8600
172 Treuhand	5	01/14/99	98.8998	5.0600
175 Germany Tbills	zero	01/16/98	99.5662	3.2200
176 Germany	6⅛	03/20/98	100.6900	6.0800
182 Germany	5¼	02/22/99	101.4600	5.3000
199 Germany	5¾	05/28/99	102.1500	5.6300
202 Treuhand	6	11/12/03	103.9060	5.7700
212 Germany	7	12/22/97	100.1900	6.9900
213 Germany	6⅜	12/21/98	102.3400	6.2300
214 Germany	6¼	02/20/98	100.5000	6.2200
221 Germany	7⅛	12/20/99	105.3100	6.7700
222 Germany	5¾	08/20/98	101.2700	5.6800
236 Germany SP	zero	01/04/24	20.1400	6.3300
242 Germany	5¼	10/20/98	101.0400	5.2000
250 Treuhand	5¾	04/29/99	102.1200	5.6300
Dutch Guilder				
48 Netherlands	5¾	02/15/07	102.0000	5.6400
63 Netherlands	6¼	07/15/98	101.3000	6.1700
74 Netherlands	9	01/15/01	111.9500	8.0400
88 Netherlands	8¾	09/15/01	113.0500	7.7400
93 Netherlands	7½	01/15/23	119.1000	6.3000
96 Netherlands	5¾	09/15/02	102.9000	5.5900
119 Netherlands	6¾	11/15/05	108.6500	6.2100
124 Netherlands	8½	03/15/01	110.9500	7.6600
129 Netherlands	6	01/15/06	103.8000	5.7800
131 Netherlands	7¾	03/01/05	114.3000	6.7800
136 Netherlands	5¾	01/15/04	102.7500	5.6000
137 Netherlands	7½	04/15/10	116.5000	6.4400
150 Netherlands	8¼	06/15/02	112.8000	7.3100
163 Netherlands	8¼	09/15/07	120.3500	6.8600
170 Netherlands	7¼	07/15/99	104.4000	6.9400
171 Netherlands SP	zero	01/15/23	21.3000	6.3400
178 Netherlands	8¼	02/15/02	112.1500	7.3600
181 Portugal	5¾	03/26/08	100.0000	5.7500
192 Netherlands	7½	06/15/99	104.6300	7.1700
198 Netherlands	7	06/15/05	110.0000	6.3600
209 Netherlands	6½	07/15/98	101.4500	6.4100
210 Netherlands	7¾	01/15/00	106.3600	7.2900
218 Netherlands	8¼	02/15/00	107.5900	7.6700
220 Netherlands	6½	04/15/03	106.3000	6.1100
ECU				
104 France OAT	5½	04/25/07	98.3600	5.5900
159 Italy	zero	03/07/11	43.3750	6.4900
168 France OAT	6	04/25/04	103.4000	5.8000
169 France BTAN	6	03/16/01	103.1400	5.8200
179 France OAT	7	04/25/06	108.7500	6.4400
203 France OAT	7½	04/25/05	111.9000	6.7000
227 France BTAN	4½	07/12/02	97.2500	4.6300
233 France OAT	6¾	04/25/02	106.0000	6.3700
Finnish Markka				
113 Finland	7¼	04/18/06	110.6185	6.5500
193 Finland	9½	03/15/04	120.6395	7.8700
French Franc				
139 Cyberval FRN	3.4477	07/06/02	100.0400	3.4400
184 France OAT SP	zero	10/25/25	18.0900	6.3100
189 France OAT	5½	04/25/04	101.7700	5.4000
195 France OAT	7¼	04/25/06	112.6100	6.4400
196 France BTAN	4½	10/12/98	100.4500	4.4800
219 FranceOAT	5½	10/25/07	100.0100	5.5000
232 FranceOAT	5½	04/25/07	100.3800	5.4800
247 France OAT	7½	04/25/05	113.3500	6.6200
Irish Punt				
211 Ireland	8	08/18/06	113.9914	7.0200
Italian Lira				
144 Italy	7½	10/01/99	103.9200	7.2200
Japanese Yen				
186 World Bank	4½	12/22/97	100.2500	4.4900
187 World Bank	4½	06/20/00	109.8750	4.1000
194 Auror Genes Fm	0.693	11/14/15	98.9738	0.7000
217 Fannie Mae	2⅛	10/09/07	100.6250	2.1100
224 World Bank	4½	03/20/03	116.2500	3.8700
230 World Bank	5¼	03/20/02	117.6250	4.4600
Portuguese Escudo				
200 Bco Inv Imob fm		02/28/07	100.6303	
Spanish Peseta				
145 Spain	6¾	04/15/00	104.1980	6.4800
201 Spain	10¼	11/30/98	105.3090	9.7300
245 Spain	7.35	03/31/07	110.9900	6.6200
246 Spain	5	01/31/01	99.5270	5.0200
Swedish Krona				
92 Sweden	11	01/21/99	106.2210	10.3600
105 Sweden 1037	8	08/15/07	112.4010	7.1200
107 Sweden 1036	10¼	05/05/00	110.1380	9.3100
128 Sweden	10¼	05/05/03	119.2260	8.6000
154 Sweden	5½	04/12/02	98.4270	5.5900
162 Sweden	6½	05/05/08	101.4470	6.4100
188 Sweden	6½	10/25/06	101.8520	6.3800
208 Sweden	6	02/09/05	99.1790	6.0500
U.S. Dollar				
2 Brazil Cap S.L	4½	04/15/14	83.7684	5.3700
24 Brazil FRN	6 13/16	01/01/01	94.0000	7.2500
30 Argentina	9¾	09/19/27	91.5000	10.6600
31 Argentina par L	5½	03/31/23	72.0000	7.6400
33 Brazil L FRN	6 11/16	04/15/06	84.1500	7.9500
37 Argentina FRN	6 11/16	03/29/05	84.9600	7.8700
44 Russia	10	06/26/07	89.6714	11.1500
53 Brazil	10⅛	05/15/27	87.0000	11.6400
64 Argentina	11⅜	01/30/17	99.7364	11.4100
66 Mexico	11½	05/15/26	115.5000	9.9600
68 Venezuela	9¼	09/15/27	87.5000	10.5700
73 Venezuela FRN	6¾	12/18/07	88.0000	7.6700
78 Venezuela par A	6¾	03/31/20	86.0000	7.8500
80 Mexico FRN	6¼	12/31/19	81.0000	7.7100
81 Mydfa FRN	6 9/16	09/09/07	72.3327	9.2500
89 Bulgaria FRN	6 9/16	07/28/11	71.1377	9.4000
90 Mexico	9⅞	01/15/07	103.5000	9.5400
94 Italy	6⅞	09/27/23	102.8750	6.6800
101 Brazil par ZI	5¼	04/15/24	68.0000	7.7200
106 Brazil FRN	6¼	04/15/09	75.8666	8.9000
108 Russia	9¼	11/27/01	95.9923	9.6400
109 Bulgaria FRN	6 9/16	07/28/24	75.2093	8.8900
110 Mexico	6¼	12/31/19	81.0000	7.7100
114 CADES	zero	07/10/98	95.8605	7.0700
120 Canada	6⅛	07/15/02	100.2500	6.1100
121 Brazil FRN	6¼	04/15/12	74.0000	9.1200
122 Brazil FRN	6 11/16	04/15/24	78.6250	8.5100
123 Poland FRN	6 11/16	10/27/24	95.0310	7.0400
125 Korea Dev Bk	7¼	05/15/06	91.8750	7.8900
141 ADB	6¼	10/28/02	100.1250	6.2400
142 Bayerische LB	6⅝	06/25/07	102.5000	6.4600
147 Ind Bk Japan	5.635	12/04/97	98.9444	5.7000
148 EIB FRN	5⅝	11/26/02	99.7000	5.6400
149 Mexico	11⅜	09/15/16	112.5000	10.1100
153 Bco Brasil FRN	6.646	10/14/99	83.1428	7.9900
155 Ecuador FRN	3¼	02/28/15	63.6503	5.1100
158 Argentina FRN	6⅞	03/31/23	80.5000	8.5400
165 Brazil S.L FRN	6¼	04/15/12	73.0700	9.2400
166 Mexico A FRN	6.693	12/31/19	90.2500	7.4200
173 British Columbia	7⅛	06/11/07	105.1250	6.7800
174 Canada	6¾	08/28/06	103.8750	6.5000
180 Bayerische LB	6½	11/19/01	101.1079	6.4300
191 Bco Com Ext.	7¼	02/02/04	91.7500	7.9000
197 Bulgaria	2¼	07/28/12	59.0714	3.8100
204 IADBk FRN	6	08/22/00	99.8750	6.0000
205 Mexico	9¾	02/06/01	104.1250	9.3600
206 Poland Inter	4	10/27/14	86.3531	4.6300
207 Rhein Hypobk	6⅞	06/18/07	103.3750	6.6500
215 Mexico par B	6¼	12/31/19	81.0000	7.7200
216 Argentina	8¾	12/20/03	94.0000	8.9100
225 Venezuela par B	6¾	03/31/20	84.9688	7.9400
226 Argentina FRN	5.657	04/01/01	106.3728	5.3100
228 Finland	5⅞	02/27/06	98.2387	5.9800
229 IADB	6⅝	03/07/07	103.1250	6.4200
231 Peru	4	03/07/17	60.5625	6.6000
234 Mexico D FRN	6 9/16	12/28/19	91.0100	7.4900
235 Argentina	8¾	05/09/02	93.6250	9.3500
238 Fuji Fin FRN		12/31/99	97.8157	
239 Midland Bk Fm	6⅛	12/31/99	85.8800	7.1300
240 Brazil	4½	04/15/14	85.2620	5.2800
243 CADES	zero	11/24/98	93.7777	6.6700
244 Brazil L FRN	6 11/16	04/15/06	82.7550	8.0800
248 Italy FRN	zero	06/28/01	100.0200	0.0000

Traders Doubt Japan Will Dump Bonds

Compiled by Our Staff From Dispatches

NEW YORK — U.S. bonds, which have handed investors 18 percent returns since April, are not likely to falter this week even if Japan decides to sell some of its Treasury securities, traders say.

With a record $321.2 billion of U.S. debt on their books at the end of August, Japanese investors are the top non-U.S. holders of Treasury bonds, making large sales by them a threat to the market. Yet there are plenty of reasons such a sell-off is unlikely — chief among them, investors say, the fact that U.S. bonds offer some of the highest yields for top-rated government securities, even with the risk of U.S. inflation as scant as it is.

"I find it hard to think they would sell," said Victor Thompson of State Street Global Advisors in Boston, "and if they did, I don't think it makes much of an impact." Many investors say they see no reason Japanese investors or their government would unload Treasury bonds when they could instead sell their lower-yielding Japanese bonds.

Even if Japanese institutions do need to sell some Treasury paper, said Jack Ablin, head of fixed-income investing at Barnett Capital Advisors, such selling would be outweighed by demand from investors attracted to U.S. bonds amid the turmoil in Asian markets.

The bond market is "caught between this flight-to-quality effect and this concern about Japanese dumping," he said.

U.S. 10-year notes, at 5.85 percent, are yielding 3.9 percentage points more than comparable Japanese paper and 0.41 percentage point, or 41 basis points, more than 10-year German notes.

A strengthening dollar gives Japanese investors more incentive to hold Treasury bonds. That way, they can reap the benefits of any further rise in the U.S. currency, which, at 127.85 yen Friday, is near a five-year high against the Japanese currency. Expectations that inflation will remain dormant, meanwhile, could spell further gains for all U.S. bondholders.

Low inflation is good for bondholders because it means the securities' fixed payments will hold more of their value. The U.S. consumer price index rose just 1.8 percent in the first 10 months of this year, its smallest increase in more than a decade. That makes real yields, or interest rates minus inflation, very attractive.

U.S. CAPITAL MARKETS

For these reasons, some analysts say U.S. bond yields next year may fall below the low of 5.78 percent they hit in October 1993, which was the lowest since the Treasury began selling 30-year bonds regularly in 1977.

The benchmark 30-year Treasury finished last week at 6.05 percent, compared with 6.04 percent the week before.

"There is room for bonds to rally," Ken Anderson of Evergreen Asset Management Corp. said. "If we break though 6 percent, we could just as quickly be at 5.75 percent next year."

Thirty-year Treasury bonds have already gained 14.3 percent this year, when price gains and interest income are taken into account. In yen terms, U.S. bonds have posted gains of almost 24 percent, according to one index of bonds due in 10 years or more. Some, however, say U.S. bonds' recent rally offers Japan a good chance to capture profits. In addition, the value of Asian securities and real estate has fallen so far in recent months that unloading those holdings might prove tough.

"You have to take a look at the asset holdings they have on their list," said Eric Cheung of Wilmington Trust Corp. in Wilmington, Delaware. "Some of the things on their books are under water right now, and if they don't sell U.S. Treasuries, are they willing to take a big hit?"

But some of those looking for record low yields next year predict that the Asian turmoil will curb U.S. growth and help keep a lid on prices — making U.S. government debt even more attractive.

As for concerns about Japanese selling, some estimates put the worst-case impact at an increase of 0.25 percentage point increase in long-term bond yields. That would still leave returns for the year at about 10 percent.

While some investors are reluctant to drive yields much lower without clear signs that the U.S. economy is losing steam after growing at a 3.3 percent annual pace in the third quarter, others say the inflation picture will improve only when the effects of the Asian slowdown are felt. Josh Feinman of Bankers Trust said it might be next year before the Treasury market could divorce itself from the Asian turmoil.

"I think it's going to take a period of stability overseas, a period of time when people get either bored of looking at Asia or else reassured that Asia isn't getting worse," he said. "Now we're heading into the holiday season, and I just think early '98 is a sensible time for people to come back and reevaluate."

(Bloomberg, Bridge News)

The Week Ahead: World Economic Calendar, Dec. 1-5

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News.

	Asia-Pacific	Europe	Americas
Expected This Week	**Canberra:** Treasurer Peter Costello leads meeting of regional finance ministers to discuss the Asian currency crisis. Through Tuesday. **Kuala Lumpur:** Meeting of Association of South East Asian Nations finance ministers. Through Tuesday.	**Madrid:** Bank of Spain expected to release foreign reserves data for October. **Vienna:** Roundtable discussion by Austrian business and political leaders on the impact of the common European currency in everyday life and business.	**Toronto:** Technology Vision '97 conference. Thursday and Friday. **Washington:** Conference on transportation and traffic safety and health. Tuesday and Wednesday. **Washington:** Conference on safety and education of children on the Internet. Through Wednesday.
Monday Dec. 1	**Bangkok:** Consumer price index for November. **Tokyo:** Foreign currency reserves for end of November; new-car sales for November. **Seoul:** Trade balance for November.	**London:** M-0 money supply for November; net consumer credit for October. **Luxembourg:** European Union finance ministers meet. **Earnings expected:** Imperial Tobacco, Scottish & Newcastle.	**Detroit:** General Motors and Chrysler to release unit sales for November. **Ottawa:** GDP data for September. **Tempe, Arizona:** National Association of Purchasing Management to release index for November.
Tuesday Dec. 2	**Sydney:** Retail sales and construction permits for October. Reserve Bank's monthly board meeting. **Earnings expected:** Caf. De Coral Holdings.	**Oslo:** Current-account data for September. **Stockholm:** Riksbank to set securities repurchase rate. **Earnings expected:** Allied Colloids Group, Siebe, Stagecoach Holdings.	**Buenos Aires:** Consumer, wholesale and producer inflation data and construction index for November. **Mexico City:** Foreign reserves data. **New York:** Leading indicators for October.
Wednesday Dec. 3	**Tokyo:** Gross domestic product for the July-September quarter. **Sydney:** National accounts data for third quarter. **Earnings expected:** Far East Consortium International.	**Dublin:** Finance Minister Charlie McCreevy to present budget. **Madrid:** Industrial price data for October. **Oslo:** Industrial production data for October. **Earnings expected:** Bass.	**Buenos Aires:** Auto production and sales data for November. **Dearborn, Michigan:** Ford to release unit sales for November. **Washington:** New-home sales for October. **Earnings expected:** Royal Bank.
Thursday Dec. 4	**Sydney:** Australian Business Economists' forecasting conference. Speakers include the governor of the Reserve Bank, Ian Macfarlane. **Annual meeting:** Bank of Queensland.	**Oslo:** Gross domestic product for third quarter. **Earnings expected:** General Electric, Grand Metropolitan, Great Universal Stores, Hanson, Stakis.	**Ottawa:** Building permits for October; help-wanted index for November. **Washington:** Productivity and labor costs data for third quarter; housing completions for October.
Friday Dec. 5	**Sydney:** Reserve Bank of Australia to release financial aggregates for October. **Annual meeting:** Hallenstein Glasson Holdings.	**Bern:** Employment data for November. **Brussels:** European Union inflation data for October. **Zurich:** Leading indicators for October. **Earnings expected:** Courts.	**Ottawa:** Employment data for November. **Washington:** Employment data for November; factory orders and consumer credit data for October.

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Polaris Funding	$100	2002	¼	100.00	—	Over 3-month Libor. Noncallable. Fees 0.20%. Denominations $100,000. (Merrill Lynch Int'l.)
Greece	DM250	2002	⅛	99.42	—	Over 3-month Libor. Noncallable. Fungible with outstanding issue, raising total amount to 1.25 billion marks. Fees 0.30%. (Dresdner Kleinwort Benson.)
Council of Europe	HK$1,000	1999	0.30	100.00	—	Below 3-month Hibor. Noncallable. Fees 0.16%. Denominations HK$500,000. (HSBC Markets.)
Fixed-Coupons						
Centaur Mining & Exploration	$225	2007	11	100.00	—	Semiannually. Callable at 105½ in 2002. Fees not disclosed. (Chase Securities.)
European Investment Bank	$250	2002	6⅛	100.339	100.17	Fungible with outstanding issue, raising total amount to $750 million. Noncallable. Fees 0.25%. Denominations $10,000. (ABN—AMRO Hoare Govett.)
Suedwest Landesbank	$175	2001	3.40	92.95	—	Semiannually. Noncallable private placement. Fees 1¼%. (Nikko Europe.)
Belgium	DM1,500	2008	5¾	100.394	100.95	Noncallable. Fees 0.325%. (Deutsche Morgan Grenfell.)
Merrill Lynch & Co.	£200	2007	7⅛	99.556	—	Noncallable. Fees 0.45%. (Merrill Lynch Int'l.)
Belgium	FF4,000	2008	5¾	100.539	101.04	Noncallable. Fees 0.325%. (J.P. Morgan Securities.)
Argentina	ITL300,000	2000	8	100.775	100.88	Reoffered at 99.90. Noncallable. Fees 1⅛%. (Chase Securities.)
European Investment Bank	ITL300,000	2009	12	101.275	—	Interest will be 12% in first year, 7⅛% until 2002, 15½% less twice the 12-month Libor thereafter. Reoffered at 99.95. Noncallable. Fungible with outstanding issue, raising total amount to 600 billion lire. Fees 1.135%. (Cariplo.)
Greece	DF750	2007	6¼	100.712	99.20	Reoffered at 99.137. Noncallable. Fees 2%. (ABN—AMRO Hoare Govett.)
L-Bank	DF200	2003	5⅛	101.121	99.40	Reoffered at 99.521. Noncallable. Fees 1⅞%. (ING Barings.)
Equity-Linked						
Cregem Finance	FF943.8	2005	3¼	100.00	—	Callable at par in 2000. Convertible into shares of Dexia France at 726 francs per share, a 19% premium. Fees not disclosed. (Morgan Stanley Dean Witter.)

Last Week's Markets

Stock Indexes

	Nov. 28	Nov. 21	% Ch'ge
United States			
DJ Indus.	7,823.13	7,881.07	−0.74
DJ Util.	258.64	256.75	+0.74
DJ Trans.	3,199.96	3,184.23	+0.49
S&P 100	459.10	—	—
S&P 500	955.40	963.10	−0.80
S&P Ind	1,114.02	1,124.08	−0.89
NYSE Cp	499.10	502.85	−0.75
Nasdaq Cp	1,600.55	1,620.77	−1.25
Japan			
Nikkei 225	16,636.26	16,721.58	−0.51
Britain			
FTSE 100	4,831.80	4,985.80	−3.09
Canada			
TSE Indus.	6,513.40	6,773.90	−3.85
France			
CAC 40	2,859.19	2,861.70	−0.09
Germany			
DAX	3,949.14	3,959.69	−0.27
Hong Kong			
Hang Seng	10,526.92	10,548.20	−0.20
World			
MSCIP	924.54	929.91	−0.58

World Index from Morgan Stanley Capital Int'l Perspective.

Money Rates

	Nov. 28	Nov. 21
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5 11/16	5½
Japan		
Discount	0.50	0.50
Call money	0.34	0.48
3-month interbank	0.62	0.55
Britain		
Bank base rate	7¼	7¼
Call money	7 9/16	7¼
3-month interbank	7 11/16	7⅝
France		
Intervention rate	3.30	3.30
Call money	3⅜	3⅜
3-month interbank	3½	3 9/16
Germany		
Lombard	4.50	4.50
Call money	4.50	3.43
3-month interbank	3.75	3.79

Gold	Nov. 28	Nov. 21	% Ch'ge
London p.m. fix $	296.80	303.90	−2.34

Euromarts

Eurobond Yields

	Nov. 28	Nov. 21	Yr high	Yr low
U.S. $, long term	6.28	6.29	7.09	6.28
U.S. $, mdm term	6.18	6.17	6.84	6.09
U.S. $, short term	5.96	6.02	6.51	5.95
Pounds sterling	7.35	7.35	7.75	6.90
French francs	5.16	5.19	5.34	4.66
Italian lire	5.74	5.84	7.79	5.74
Danish kroner	5.61	5.67	5.93	5.26
Swedish kronor	5.71	5.70	5.73	4.82
ECUs, long term	5.92	5.98	6.42	5.76
ECUs, mdm term	5.47	5.51	3.59	4.76
Can. $	5.60	5.51	6.51	5.36
Aus. $	6.12	6.05	7.86	5.89
N.Z. $	7.43	7.48	8.39	6.96
Yen	1.31	1.28	2.15	1.28

Source: Luxembourg stock exchange.

Weekly Sales

Nov. 27

Primary Market

	Cedel Bk $	Cedel Bk Nests	Euroclear $	Euroclear Nests
Straights	67.4	145.0	—	95.0
Convert.	—	—	—	0.9
FRNs	845.8	618.0	771.0	588.4
ECP	9,087.6	7,776.2	12,098.0	8,095.7
Total	10,000.8	8,539.2	12,869.0	8,780.0

Secondary Market

	Cedel Bk $	Cedel Bk Nests	Euroclear $	Euroclear Nests
Straights	23,368.1	33,684.3	79,760.4	27,122.6
Convert.	1,182.3	775.8	2,988.2	2,585.8
FRNs	25,067.2	12,347.7	40,914.0	7,441.5
ECP	12,847.6	22,805.9	23,696.2	29,587.2
Total	62,465.2	69,613.7	147,358.8	66,737.1

Source: Euroclear, Cedel Bank.

Libor Rates

	1-month	3-month	6-month
U.S. $	5 13/16	5⅞	5⅞
Deutsche mark	3¾	3¾	3⅞
Pound sterling	7 9/16	7 11/16	7⅞
French franc	3¼	3 9/16	3 11/16
ECU	4½	4 9/16	4⅝
Yen	11/16	9/16	9/16

Sources: Lloyds Bank, Reuters.

Sticking to the Low-Priced Sector: A Little-Traveled Path

By Carole Gould
New York Times Service

NEW YORK — Doesn't everyone like to get something cheap?

Even in mutual funds, the idea can be irresistible. Three funds, including one that is a bruiser, operate on the premise that just a few dollars can buy a lot. Like penny-pinching shoppers, their managers buy a stock only if its price does not exceed their stated budget.

They are not choosing stocks that appear cheap against some benchmark, such as the price-to-earnings ratio of the overall market; they simply refuse to exceed a set dollar limit for any single share of stock. It's like deciding to spend no more than $35 on a pair of shoes, even if you find a pair at a discount store for $40 that would sell in a department store for $75.

The mutual-fund industry clones successful strategies quickly, so the fact that only three funds invest this way may say something about the unlikely approach.

Adopting an arbitrary price cutoff "isn't really a strategy," said Peter Di Teresa, an analyst with Morningstar, the Chicago-based fund research concern. "What really matters with low-priced stock funds is the stock selection."

Exceptional stock selection has been a hallmark of Fidelity Low-Priced Stock, the biggest fund not only among this select threesome but also among all funds that buy small stocks. It refuses to spend more than $35 a share.

Royce Low-Priced Stock has been plugging along for nearly four years, paying a maximum of $15 each for shares, and the newest of the group, Robertson Stephens Global Low-Priced, keeps its eyes on shares priced at the equivalent of $10 and under in the United States and abroad.

One byproduct of success — bigness — can be a problem for funds that own small stocks. As the funds swell, they often have difficulty buying a significant amount of a small stock without pushing up the price in the process. Because funds can generally put no more than 5 percent of their assets in any one company, they may have trouble putting all their cash to work without bumping up against this limit.

Their managers, therefore, tend to drift to medium-sized companies once their assets balloon.

As the king of the group, Fidelity Low-Priced Stock knows this all too well. Acknowledging that it has had trouble finding enough cheap stocks to fill out its $10 billion portfolio, several

INVESTING

weeks ago it raised the maximum price it would pay to $35 for a share from $25. When the fund began in 1989, its price limit was $15 a share.

By way of explanation, Fidelity pointed to the astounding run-up in the U.S. stock market. The broad rally of recent years has pushed up prices of most issues, shrinking the pool of stocks from which the fund's manager, Joel Tillinghast, can choose, the company argued.

At the end of September, Mr. Tillinghast's portfolio held more than 1,100 stocks, but the portion of assets in cash had risen to 18 percent.

According to data compiled by Standard & Poor's Compustat, a division of McGraw-Hill Cos., only 15 percent of the stocks on the New York Stock Exchange, American Stock Exchange and Nasdaq stock market cost more than $35 a share at the end of October.

The jump to that limit from $25 yielded an additional 1,151 stocks — an 18 percent increase — from which Mr. Tillinghast could choose. That doesn't count non-U.S. stocks, which accounted for about 20 percent of assets at the end of September.

Does buying low-priced stocks amount to a marketing gimmick? Mr. Tillinghast declined to comment, but his supporters say such stocks tend not to be covered thoroughly by Wall Street stock analysts and that news can easily push their prices up or down by several percentage points. Eric Kobren, editor of the independent newsletter Fidelity Insight, called the limit a gimmick but not necessarily a bad one.

Despite its concentration in small stocks, Fidelity Low-Priced Stock does not buy high-flying emerging companies. Instead, Mr. Tillinghast looks for more mature companies, generally ones with low price-earnings multiples. The system has worked quite well, as the fund has outperformed most market gauges over the past five years, though its recent returns have flagged.

Royce Low-Priced Stock, begun in late 1993, buys far less expensive stocks than the Fidelity fund. The manager, Charles Royce, refuses to budge above $15 a share, but he has few problems finding purchases because of the fund's small size, just $19 million in assets.

The Royce fund has had only average performance. It gained 18.8 percent a year, on average, from its inception through October, compared with 18.2 percent a year for all small-capitalization value funds in that period, Morningstar said.

Robertson Stephens Global Low-Priced Stock, with $23 million in assets, has a much better record, albeit a short one. The fund, begun in November 1995, gained 20 percent a year, on average, for the two years through October, Morningstar said, against 14.6 percent for all world stock funds.

SHORT COVER

German Parties to Seek Compromise on Taxes

BONN (Reuters) — Government and opposition leaders, in remarks released Sunday, said a multiparty compromise to reform Germany's tax system and contain the costs of state pensions was possible.

Finance Minister Theo Waigel said in an interview for the all-news television network N-TV that the slide in the country's tax revenue had "brought both sides to their senses." He added, "As long as negotiations take place without verbal assaults and public spectacle, then the chances of an agreement are better than at the beginning of the year."

A parliamentary budget debate last week triggered calls for compromise by both Chancellor Helmut Kohl's coalition and the opposition Social Democrats, who blocked Mr. Waigel's plan to cut taxes in Parliament in September.

Social Democrat leaders also said they saw an increased chance of a tax and pension compromise. Negotiations are expected to begin after the party's conference in Hannover next week.

"I am more optimistic since the budget debate," Rudolf Scharping, the SPD's parliamentary leader, told the newspaper Bild am Sonntag.

NatWest to Sell Units

LONDON (Combined Dispatches) — National Westminster Bank PLC plans this week to sell its European equities business to Bankers Trust New York Corp. and its equity derivatives unit to Deutsche Morgan Grenfell, sources familiar with the transactions said Sunday.

Bankers Trust will pay between £200 million and £250 million ($338 million to $422 million) for the equities business, the sources said, and Deutsche Grenfell will pay almost £100 million for the derivatives unit. Separately, NatWest described as pure speculation a Sunday Times report that its investment-banking arm had run up trading losses this year of more than £300 million.

(Reuters, Bloomberg)

Bezeq's Profit Falls

JERUSALEM (Bloomberg) — Bezeq Ltd., the state-controlled phone company, said Sunday its third-quarter net income fell 8 percent as revenue declined 10 percent.

The company earned 148.4 million shekels ($41.9 million), compared with 161.9 million shekels in the year-earlier period. Revenue dropped to 2 billion shekels from 2.2 billion shekels.

Bezeq faced competition in providing long-distance phone services for the first time in July as two new companies began providing services.

Banca di Roma Sale

ROME (Bloomberg) — Banca di Roma SpA, Italy's second-largest bank in terms of assets, said its 2.25 trillion lire ($1.3 billion) share offering, which transferred ownership to private investors, was almost three times oversubscribed.

It also said Saturday that a parallel offering of the bank's convertible bonds by the state holding company Istituto per la Ricostruzione Industriale SpA was four times oversubscribed.

KOREA: *Seoul and IMF Sign*

Continued from Page 11

agreed to postpone a decision on the issue and to schedule follow-up meetings.

But the central issue was whether Seoul would accept a sharp cut in economic growth in return for aid. The South Korean economy has been growing at an average rate of 8 percent a year since the end of the Korean War in 1953.

The Yonhap news service and the state-run Korean Broadcasting Service, quoting government sources, reported early Monday that the government had agreed to raise interest rates to stem corporate borrowing and to cut its economic growth target and trade deficit.

The government agreed to cut its target for growth in the gross domestic product next year to 3 percent from 6 percent, the reports said.

Seoul also accepted a demand that a key interest rate rise to between 18 percent and 20 percent from 15 percent to help discourage overproduction, the news services reported. In addition, the trade deficit is to be reduced to $5 billion a year, or around 1 percent of GDP, from $13 billion, and the government is to reduce the amount of new money it puts in circulation.

The IMF had asked Seoul to open its financial markets to full foreign participation, but it accepted a counterproposal for a partial opening, the reports said.

The differences between the two sides emerged around midday Sunday after the government said it had called an emergency cabinet meeting to approve the package. The meeting was postponed to Monday morning as negotiators could not resolve disagreements over how to shore up the banking system, according to sources familiar with the talks.



Paul Barker/Reuters

South Koreans passing an upbeat bank ad Sunday in Seoul as government and International Monetary Fund officials reached terms on a bailout.

OPEC's Quota Rise Shows Saudi Primacy in Oil Cartel

Compiled by Our Staff From Dispatches

JAKARTA — Saudi Arabia served notice at the Organization of Petroleum Exporting Countries' talks here that it is returning to center stage on world oil markets.

By pushing through the first major increase in the cartel's oil-production limit in four years, analysts said, Saudi Arabia showed it had no intention of letting its influence in oil matters wane.

At their meeting that ended Saturday, ministers from OPEC's 11 members approved an agreement aimed at revitalizing OPEC's system of production quotas and raising its output limit by 10 percent, to a total of 27.5 million barrels a day for the group.

Although OPEC's production already exceeds that target because many members are pumping all they can, the new quota will allow some — notably Saudi Arabia and its allies — to pump more.

Despite the higher authorized output, by OPEC, which accounts for more than one-third of the world's oil, officials said the accord would help keep the price of its oil near $18 a barrel as demand rose.

World oil consumption is at record levels, and supplies from countries outside OPEC are rising, sending prices down 25 percent since January.

"Maybe prices will drop by $1 a barrel for the first two weeks, but then prices will recover," said Abdullah Salim Badri, the oil minister of Libya.

Saudi Arabia and its Gulf allies, Kuwait and United Arab Emirates, are the primary beneficiaries of the higher production ceilings. All three have been reining in their production for several years. Among the losers are Venezuela and Nigeria, whose higher quotas still are lower than their current actual output.

The other OPEC members are Algeria, Indonesia, Iran, Iraq and Qatar.

Saudi Arabia's aim was to gain OPEC's blessing for an increase in its output while restoring some credibility to the group's tattered system of production quotas.

"We regard this as a wholesale policy shift in the thinking and behavior of OPEC after four years of standing by and doing nothing," a Saudi official said.

"This is an excellent agreement because people doubted OPEC could act and thought it was no longer influential in the market."

Others saw another significance. "This isn't just about more oil on the market," said Mohammed Abduljabbar of Washington-based Petroleum Finance Co. "This was a political statement on Saudi Arabia's part."

(Reuters, Bloomberg)

Hong Kong's Yaohan Stores Liquidate Inventory

Bloomberg News

HONG KONG — Yaohan Department Stores (Hong Kong) barely dented debts of over 1 billion Hong Kong dollars ($129.4 million) as it sold everything from vegetables to its cash registers at discounts of up to 80 percent in a going-out-of-business sale.

The department-store chain, one of the territory's largest retailers, ceased operations a week ago after three years of losses.

The two-day liquidation sale at the nine Yaohan stores in Hong Kong drew hundreds of thousands of shoppers, some of whom lined up overnight.

Creditors' return on the dollar "will not be attractive," said Matthew O'Driscoll, a partner with Ernst & Young, the court-appointed liquidator. He said the first day of the sale on Saturday brought in at least 10 million dollars. In coming weeks, the store plans to begin selling fixtures and anything else for which a buyer can be found, Mr. O'Driscoll said.

One outlet closed its doors several times while the police restored order, and two other stores limited shoppers to 30 minutes inside, the South China Morning Post reported.

In the past month, Hong Kong newspapers have carried extensive reports about the problems of the economies of Hong Kong and its Asian neighbors. Hong Kong's benchmark stock index has lost a third of its value since August amid concern that devalued currencies in countries such as Thailand and Malaysia could precipitate a similar drop in Hong Kong.

The Yaohan chain in Hong Kong is a subsidiary and the principal asset of Yaohan Hong Kong Corp., which had its last full-year profit in 1994. The chain is controlled through Yaohan International Holdings Ltd. by Japan's Wada family. The Wadas are majority shareholders in Yaohan's department stores in Japan, which are operating under court protection.

CHINA: *Red-Hot Economy Seems to Cool in Wake of Asian Crisis*

Continued from Page 11

numbers are actually getting less optimistic. It looks like the economy is slowing down."

Some of the disturbing numbers include: Chinese inventories that run at more than $70 billion, equal to nearly 8 percent of the gross domestic product; stagnant disposable income in the countryside, and a commercial real estate glut that shows no sign of abating in Shanghai and Beijing.

Many state enterprises are slashing prices to increase sales. Wenfeng Carpet Co., a state firm in Henan Province, just cut prices 50 percent, and said it would accept installment payments. "Call us and we will be at your doorstep," it says in an ad.

Some analysts caution against exaggerating China's difficulties.

"It's getting very difficult to read, very hazy, but I do think people have turned overly gloomy about the whole thing," said Joe Zhang, an economist with Credit Lyonnais. A former official at China's central bank, Mr. Zhang said China's economic problems used to be much worse. "Things haven't changed dramatically," he said.

He added that pessimism had risen dramatically because "the external environment has changed."

But China is not completely walled off from the outside world. A cooling of the domestic economy comes as devalued currencies around Asia mean competition for foreign markets and investment will heat up.

Just this month, a Chinese manufacturer barely held onto a contract to sell equipment destined for the United States to be used to unload containers from cargo ships. Just after the deal was sealed, Mitsubishi group of Japan tried to snatch the contract from the Chinese company by undercutting the price 1 percent with a model made in Malaysia.

The textile industry, one of the biggest export engines, is vulnerable to rivals in Thailand. The huge television industry must compete with Malaysian manufacturers. The growing computer industry is struggling against Taiwanese firms.

That could erode China's overall trade surplus, which was about $30 billion in the first nine months of this year, and create pressure for China to devalue its currency, the yuan. And that could set off another round of punishing devaluations across Asia.

The increased competition from Asia coincides with a sharp drop in new investment commitments in China by foreigners. During the first nine months of this year, the amount of future investment pledged by foreigners in new contracts dropped by 38.8 percent from last year.

At times, China's leaders seem unconcerned about potential pitfalls. In a recent interview, Shanghai's mayor, Xu Kuangdi, compared his city's construction boom and office glut to a poor person who buys clothes a little too big. Pointing to his sleeves, Mr. Xu says "you make them a little too long and maybe next year the clothes will fit."

This week, President Jiang Zemin did not even mention the economy in a speech at the Asia-Pacific Economic Cooperation meeting in Vancouver, British Columbia.

"They're invulnerable at the moment," said Mr. Lardy. "The question is, will they use this time to address the underlying problems or will they continue with business as usual."

Mr. Lardy said he was particularly concerned about the country's banking problems. "By several indicators, China's banking system is at least as fragile as those of Thailand, Malaysia, Indonesia or South Korea," he said. As a portion of gross domestic product, he added, Chinese banks' reserves are less than half as large as those of Japan's troubled banks.

Sometimes, China's leaders seem aware of the economic dangers.

Before leaving for Vancouver, Mr. Jiang delivered a speech to Chinese bankers. In addition to Mr. Jiang's unusual appearance at such a meeting, more than half the Communist Party Standing Committee attended, including Prime Minister Li Peng, Deputy Prime Minister Zhu Rongji and the head of the Central Party School, Hu Jintao.

After the meeting, an editorial in the People's Daily, the official party newspaper, warned, "The financial system has yet to adapt to the demands of a developing socialist market economy."

"The financial system is not sound, financial supervision is weak, financial order comparatively confused," it said, adding that "financial crimes" were "rampant."

The leadership also was worried enough about the slackening economy to cut interest rates to stimulate demand recently just as other governments were raising rates to protect their currencies.

"This economy is full of problems, and reform takes a long time to fix all the problems," said Fan Gang, an economist and director of the National Economic Research Institute.

RESCUE: *Delay Expected for Asian Fund*

Continued from Page 11

be resolved tomorrow, we will have to defer it to the next meeting, which will probably be held in February."

The proposed Asian assistance fund has been resisted by Western nations led by the United States, which have insisted that the International Monetary Fund play the central role in helping troubled economies in the region and that any funds disbursed be used in accordance with stringent IMF conditions.

The U.S. fears a separate Asian fund could undermine the IMF and weaken Asian countries' willingness to adopt the tough economic policies advocated by the Fund.

Prime Minister Mahathir bin Mohamad of Malaysia said Friday that the regional assistance fund should be separate from the IMF. But Mr. Anwar said Sunday, "Whether it is a standby facility, as an Asian initiative or not, it will have to work in tandem with the IMF."

Mr. Anwar added that Southeast Asia would consider accepting money from any country, including Taiwan, for the regional fund.

Asian and U.S. officials stopped short of endorsing an Asian rescue fund at a recent meeting in Manila but called for a new "framework for regional cooperation" that recognized the central role of the IMF.

Leaders of the Asia-Pacific Economic Cooperation forum also shied away from the proposed fund at their summit meeting last week in Canada.

Mr. Anwar spoke as senior finance and central bank officials from the nine-member Association of South East Asian Nations were meeting in the Malaysian capital.

Finance ministers from the ASEAN members and six other economies — Australia, China, Hong Kong, Japan, South Korea and the United States — were to arrive later for meetings starting Monday. ASEAN comprises Brunei, Burma, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

Separately, Malaysia's securities regulator dismissed speculation that the country's stock exchange had restricted the trading activities of five brokerages because of payment defaults.

"There is absolutely no default, no settlement failure of any sort," said Munir Majid, chairman of the Securities Commission. "This is purely a move to ensure there was better cash-flow management on the part of these brokers."

The stock exchange said Saturday it would restrict the trading activities of five brokerages starting Monday. The brokerages are Sime Securities Sdn., Capitalcorp Securities Sdn., MBf Northern Securities Sdn., Kin Khoon & Co. and Labuan Securities Sdn.

(Reuters, Bloomberg)

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DIVIDEND NOTICE

The Board of Directors resolved on 26 November, 1997 to declare an interim dividend of the following sub-funds:

VB STERLING FIXED INTEREST	GBP 0,48 per share (Coupon N 12)
EUROPEAN FIXED INTEREST	DEM 0,20 per share (Coupon N 12)
DM BOND	DEM 0,40 per share (Coupon N 5)
DM SHORT TERM	DEM 0,30 per share (Coupon N 5)
GLOBAL BOND	USD 0,50 per share (Coupon N 12)
SWISS FRANC BOND	CHF 0,25 per share (Coupon N 1)
SWISS FRANC SHORT TERM	CHF 0,12 per share (Coupon N 1)

These dividends will be payable on 4 December 1997 to all the shareholders registered at the close of business on 28 November 1997 (NAV per 27 November 1997). The shares will be quoted ex-dividend on 1 December 1997 (NAV per 28 November, 1997).

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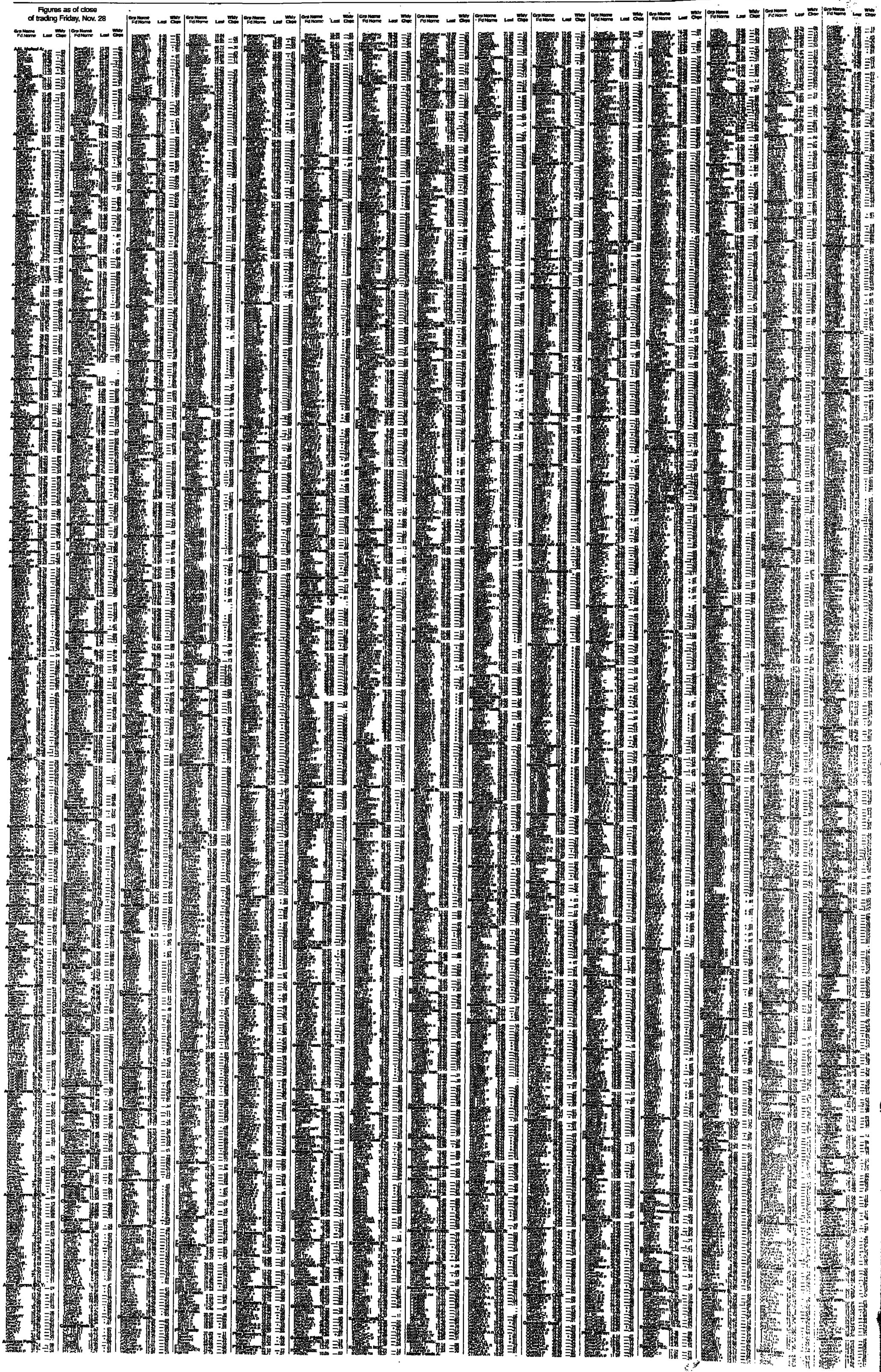
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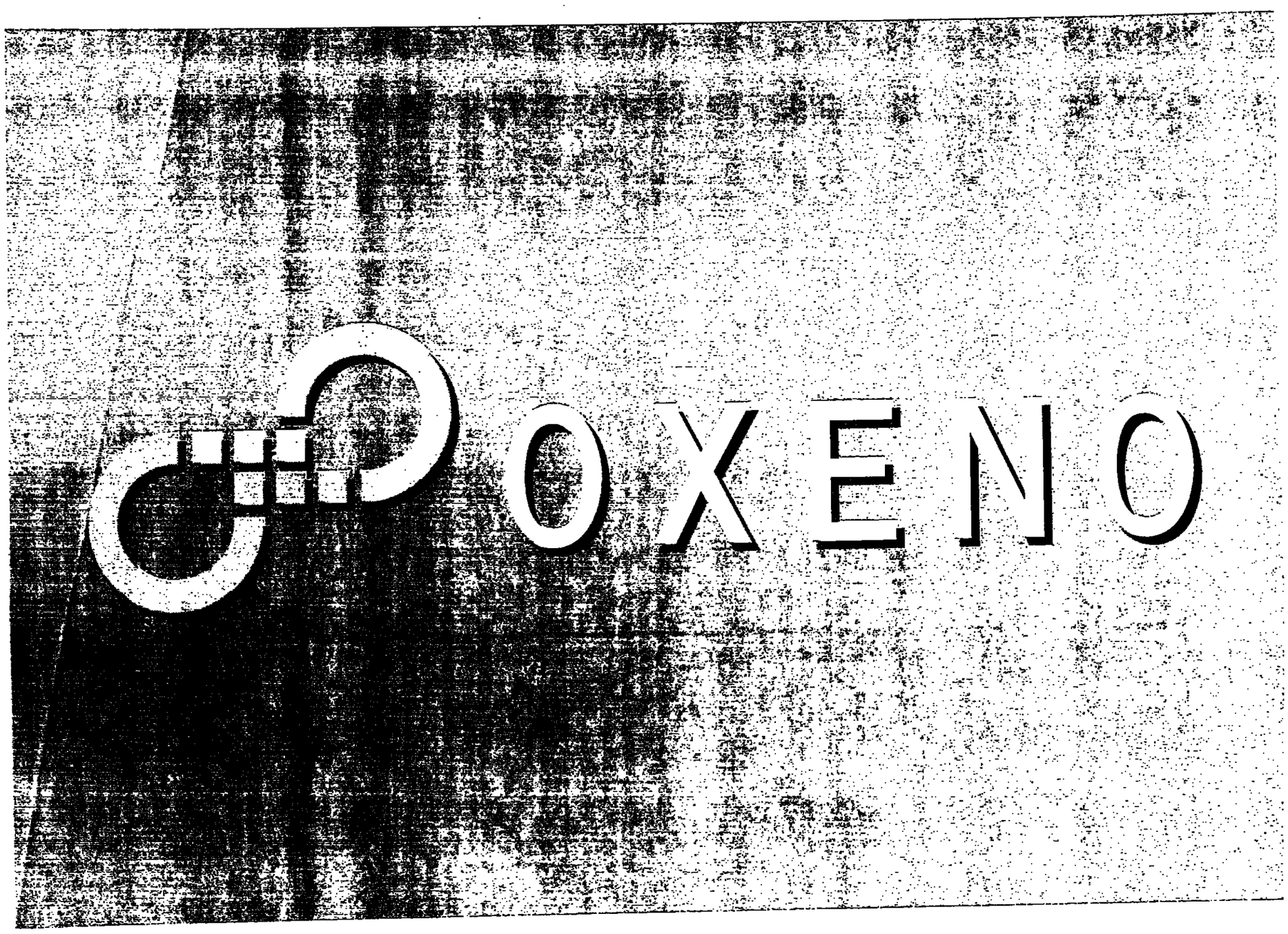
U.S. MUTUAL FUNDS

Figures as of close of trading Friday, Nov. 28



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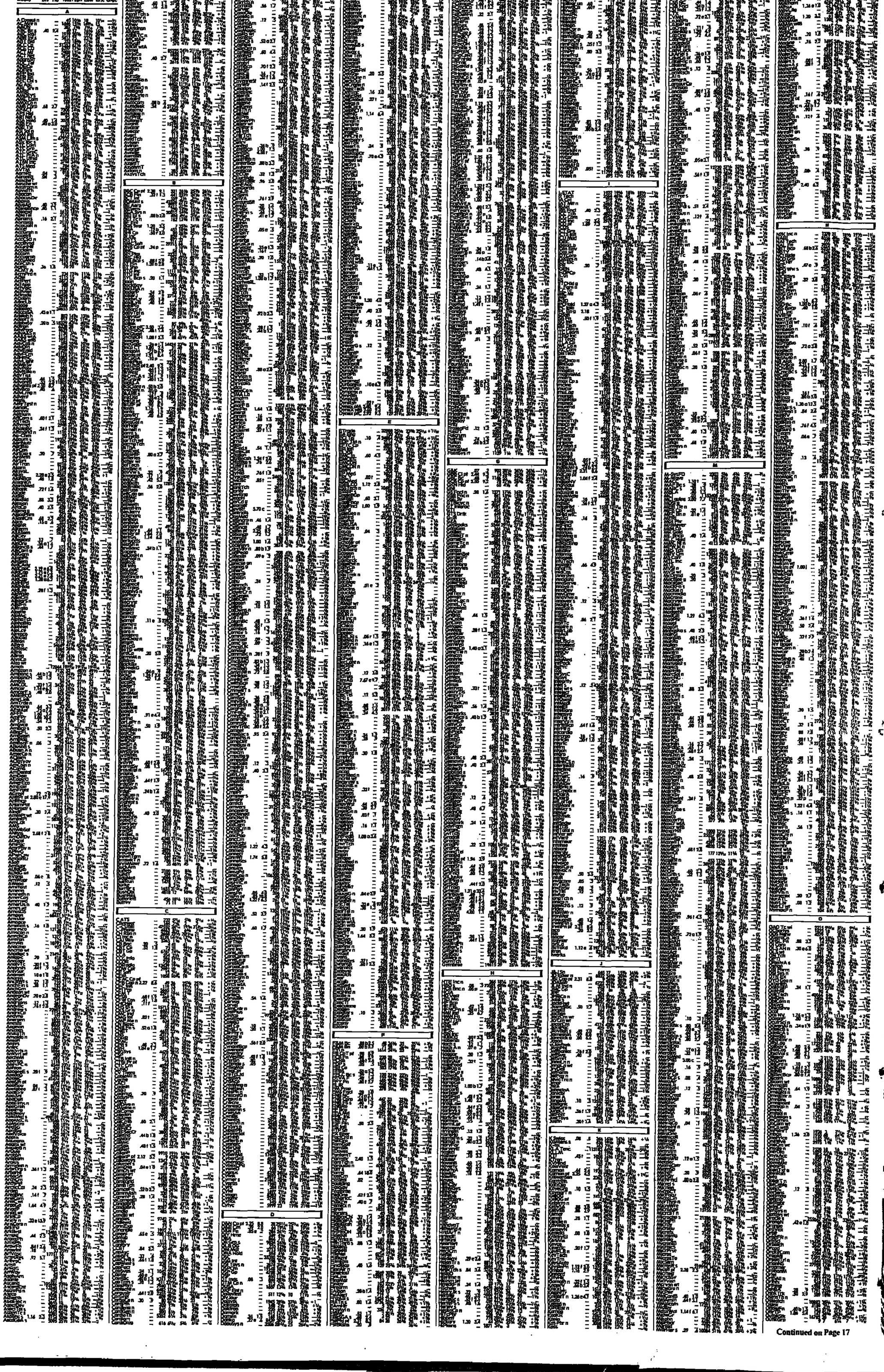


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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, Nov. 28



Continued on Page 17

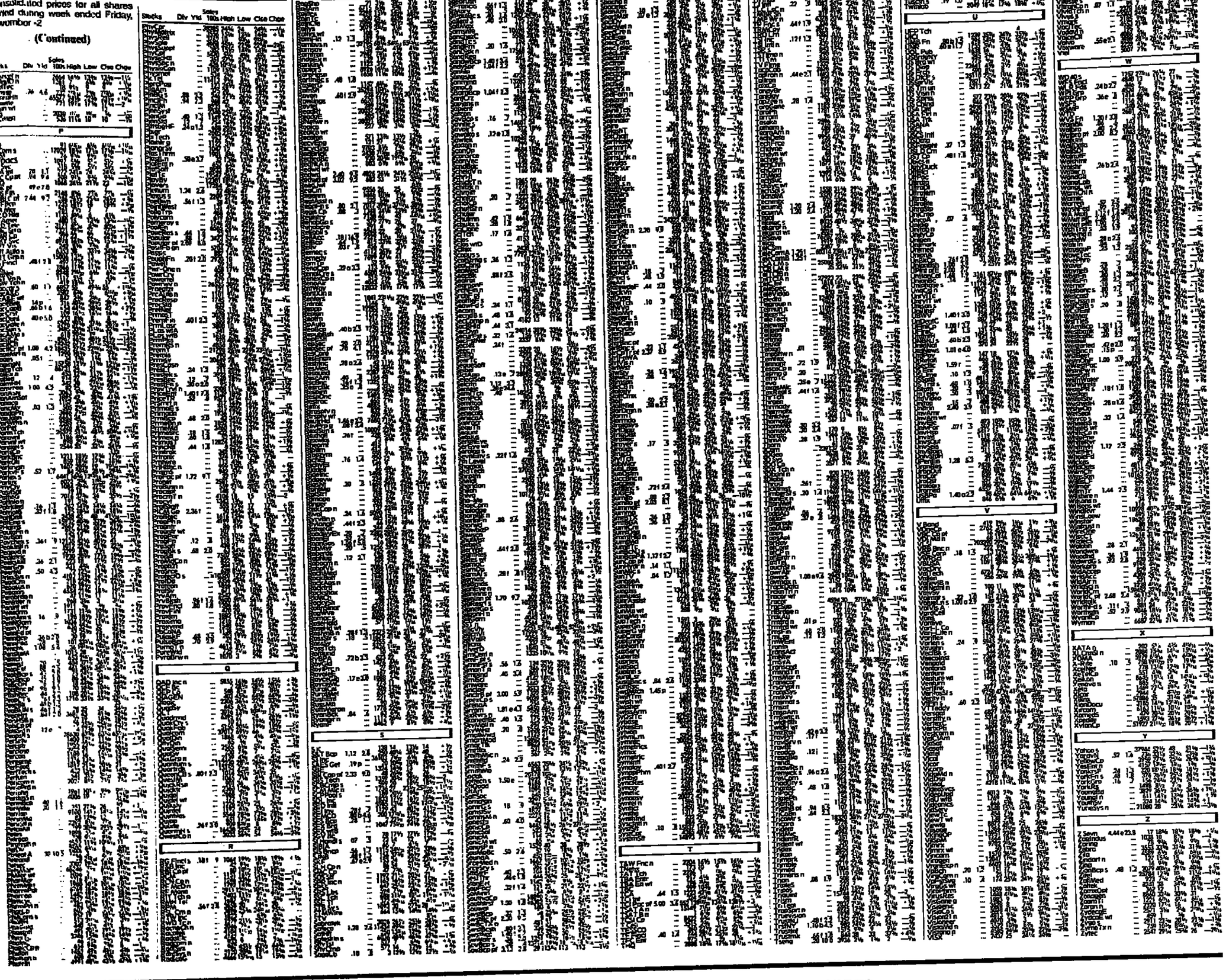
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NASDAQ NATIONAL MARKET

Consolidated prices for all shares traded during week ended Friday, November 28

(Continued)



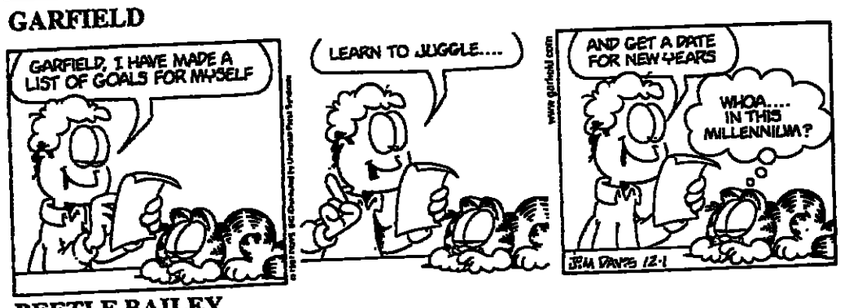
DENNIS THE MENACE



PEANUTS



GARFIELD



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BLONDIE



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TANCH

LABAN

VERYUP

PRAMCE

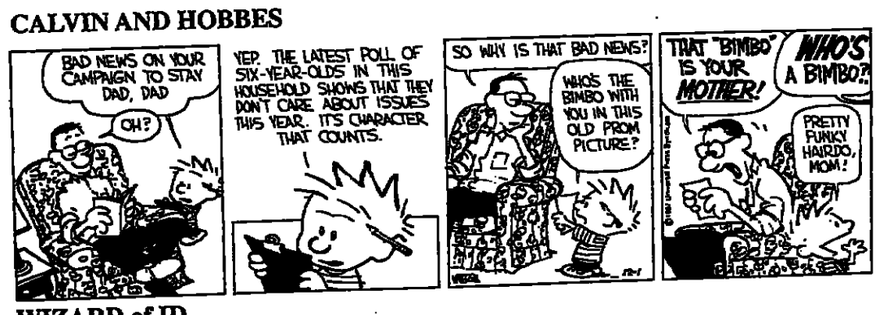


Now arrange the circled letters to solve the surprise answer, as suggested by the above cartoon.

Answer here: THE _____ _____ (Answer tomorrow)

Yesterday's Jumbles: HENRY BATCH PODIUM CAMPUS
Answer: A good way to relax on the weekend – PAINT THE HOUSE

CALVIN AND HOBBES



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GERMANY	DEM	182	72	60%
GREAT BRITAIN	£	67	22	67%
HONG KONG	HK$	676	284	58%
ITALY	ITL	145,600	58,000	60%
JAPAN	¥	26,000	12,150	53%
MALAYSIA	RM	182	101	44%
NETHERLANDS	NLG	195	76	60%
NORWAY	NOK	832	390	53%
SINGAPORE	S$	146	82	43%
SPAIN	PTAS	11,700	5,000	57%
SWEDEN	SEK	832	350	58%
SWITZERLAND	CHF	166	66	60%
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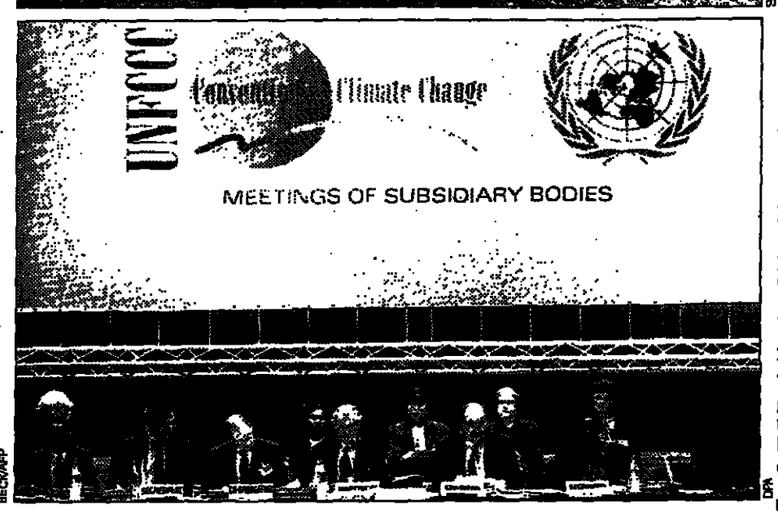
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ENVIRONMENT: THE CHALLENGE OF CLIMATE CHANGE

As ministers from more than 170 countries gather today in Kyoto for the Third Conference of Parties to the UN Framework on Climate Change, or COP 3, they face a major challenge. They must seek ways to limit the production of greenhouse gas emissions, most notably from the burning of fossil fuels, and decrease the impact of global warming, which scientists say is already affecting the world's weather patterns. They hope to find a better consensus than was the case at the inconclusive 10-day U.N.-sponsored conference in October in Bonn.


BEC/AFP


SIVARIS/AFP



DPA

IN SEARCH OF WORKABLE SOLUTIONS

Must the world choose between protecting the environment and economic growth?

In Kyoto, countries from across the globe face the task of negotiating a treaty to reduce greenhouse gas emissions. With scientists already reporting manifestations of global warming — including storms and flooding, rising sea levels, reductions in glaciers and snowfalls and the shifting of climatic zones away from the Equator — world leaders must judge the seriousness and urgency of the problem and come up with concrete steps to deal with it.

At the same time, they must balance the impact of environmental change on the global economy in order to pave the way for sustainable development.

For years, scientists have been watching with growing concern the effects of human activities on world climate. In 1994, the Intergovernmental Panel on Climate Change (IPCC) stated that "the balance of evidence suggests a discernible human influence on global climate."

The faster the climate changes, the greater will be the risk of damage. Human society will face new risks and pressures. Food security is unlikely to be threatened at the global level, but some regions are likely to experience food shortages and hunger.

Water resources will be affected as precipitation and evaporation patterns change around the world. Physical infrastructure may be damaged, particularly by sea-level rise and by extreme weather events.

"We are facing a serious risk; how serious we just don't know," says Bert Bolin, a Swedish scientist who served as chairman of the IPCC from its inception in 1988 until this year. "But we had better get moving if we want to steer this ship in another direction."

The size of it

Stabilizing atmospheric concentrations of greenhouse gas emissions will demand a major effort. Based on current trends, the total climatic impact of rising greenhouse levels will be equal to that caused by a doubling of preindustrial CO_2 concentrations by 2030, and a tripling or more by 2100, according to the UN Environment Program.

Freezing global CO_2 emissions at their current level would postpone CO_2 doubling to 2100. Emissions would eventually have to fall to about 30 percent of their current levels for concentrations to stabilize at doubled CO_2 levels in the future.

Given an expanding world economy and growing populations, this would require dramatic improvements in energy efficiency and fundamental changes in other economic sectors.

None of the parties to the United Nations Framework Convention on Climate Change, ratified in 1992, are suggesting such a dramatic reduction. At the table in Kyoto are a range of proposals, from the modest U.S. target of stabilization at 1990 levels by 2010 to the bolder EU approach of reductions of 15 percent below 1990 levels by 2010 with an intermediate benchmark in 2005.

Only a few industrialized countries are likely to succeed in stabilizing CO_2 emissions in 2000 at 1990 levels. Projections for 2005, 2010 and 2020 reveal a trend of growing emissions for many countries. Energy efficiency gains in the early 1990s were lower than anticipated and also lower than in the 1980s.

Despite this poor report card, many policy makers, research institutes and nongovernmental organizations, as well as some business groups, believe that solutions are within reach. "This is not one of the problems where you have to invent the solutions," says Delia Villagrasa, director of Climate Action Network Europe. "We have the solutions. What is needed is the political will to make it happen."

What can be done

There are many signals governments can provide to encourage market creation of innovative, climate-friendly technologies and changed consumer behavior. Some examples include setting binding national targets for emission reductions, reforming government subsidies to polluting technologies and fossil fuels and introducing full-cost accounting (i.e., green GDP, carbon taxation). Other government initiatives could include adopting performance-based regulations, employing policy instruments that encourage market development in greenhouse gas reduction (such as emission trading and joint implementation), improving information flows to capital markets and fostering public-private partnerships.

Business and industry can

Continued on page 22

THE STORY SO FAR

- **1979: The First World Climate Conference** is held. It issues a declaration calling on the world's governments "to foresee and prevent potential man-made changes in climate that might be adverse to the well-being of humanity."
- **1985: The Vienna Convention** for the Protection of the Ozone Layer is established.
- **1987: The Montreal Protocol** on Substances that Deplete the Ozone Layer is signed by 24 countries in Montreal, Quebec. It requires that parties freeze CFC emissions at 1986 levels and reduce them by 50 percent by 1998, and calls for a freeze on halon production at 1986 levels by 1992.
- **1990: The Intergovernmental Panel on Climate Change** (IPCC) releases its First Assessment Report. It confirms the scientific evidence for climate change and provides the basis for negotiations on the Climate Change Convention.
- **1990: The Second World Climate Conference** calls for a framework treaty on climate change.
- **1992: The UN Framework Convention on Climate Change** seeks to stabilize atmospheric concentrations of greenhouse gases at safe levels. Some 165 countries have become parties. Developed countries are committed to returning their emissions to 1990 levels by the year 2000. No obligation is set at this time for developing countries. The Conference of the Parties (COP) becomes the Convention's ultimate authority.
- **1995: The IPCC adopts its Second Assessment Report.** It concludes that "the balance of evidence suggests that there is a discernible human influence on global climate."
- **1997: COP 3** is held in Kyoto, Japan. It is expected to adopt a "protocol or another legal instrument" committing developed countries to reducing their greenhouse gas emissions after the year 2000.

A.B.

POSSIBLE TARGETS AND TIMETABLES

A look at the numbers on the negotiating table.

What is needed at the Kyoto meeting, say observers, is a willingness to look beyond the numbers to a concrete agreement that will turn the tide of current economic, industrial, social and environmental trends.

The 1992 UN Framework Convention on Climate Change committed developed countries to stabilizing CO_2 emissions to 1990 levels by the year 2000 — without any legal obligation. This voluntary approach has failed; the task of the Kyoto conference is to provide legally binding targets and dates.

In March, the EU proposed emissions reductions of 15 percent below 1990 levels by 2010, applicable initially to a basket of three gases: carbon dioxide (CO_2), methane and nitrous oxide. The EU proposes that other gases be added later and that there be an intermediate benchmark, still to be specified, in 2005.

Previously, the best-known target number on the table had been the proposal from the Alliance of Small Island States for a 20 percent cut in CO_2 emissions below 1990 levels by the year 2005.

In September, the Japanese proposed 5 percent as a base reduction rate, based on 1990 levels, to be reached between 2008 and 2012. The Japanese called for flexibility and for differentiated targets in which each country's goal would be based on its emissions as a function of its gross domestic product, per capita population and population growth.

The United States was the last to come up with a proposal, and it fell short of the leadership role that environmental organizations and others hoped it would demonstrate. In late October, President Bill Clinton proposed binding targets to reach 1990 levels by 2008 to 2012 and reductions below 1990 levels within the following five years. Mr. Clinton's plan also includes emissions trading and joint implementation, which would allow a company in one country to invest in a project that reduces emissions in another country and receive credit for those reductions at home.

Mr. Clinton also issued an ultimatum: Developing countries must participate. This may mean voluntary adherence to emissions targets by developing countries or a commitment by these countries to negotiate binding targets in the years ahead.

Yet developing countries will not consider limiting their emissions, and thus placing a new constraint on their economic growth, until they are convinced that developed countries are serious about cutting theirs.

Many questions remain. Among them: Will a target expressed as a certain level be achieved by a specific date, or as a "budget" to be achieved over a period of years? Can overachievement be "banked" for future use and can a party "borrow" (with a penalty charge) from the next budget period to cover underachievement during the current one?

The question of measurement and verification is also unresolved. A legally binding target will only work if implementation can be verified.

Amy Brown

THE COMPUTER SCENARIO

The study of climate change is an inexact science, but that has not stopped scientists from attempting to arrive at a more precise understanding of just how the atmosphere works.

With the help of computer-simulated climate scenarios, research institutes around the world have been able to supply scientists with convincing evidence that human activities, if unchecked, could significantly alter the earth's climate over the next 50 to 100 years.

At the Hadley Centre for Climate Prediction and Research in Britain, about 100 scientists are busy trying to make forecasts of the earth's climate, not only in the near term, but also over the next century. Their work provides a focus for national and international research programs on climate change and has been useful to the Intergovernmental Panel on Climate Change in making its assessments.

0.3 degrees per decade

One of the main tasks of the Hadley Centre, says Geoffrey Jenkins, who heads the program, is to understand and predict future climate change due to human activities.

Its global climate model, driven by estimates of future changes in atmospheric composition, predicts a global mean warming of 0.3 degrees Celsius per decade, with the greatest warming in high northern latitudes in winter and little change in the northern North Atlantic and southern oceans.

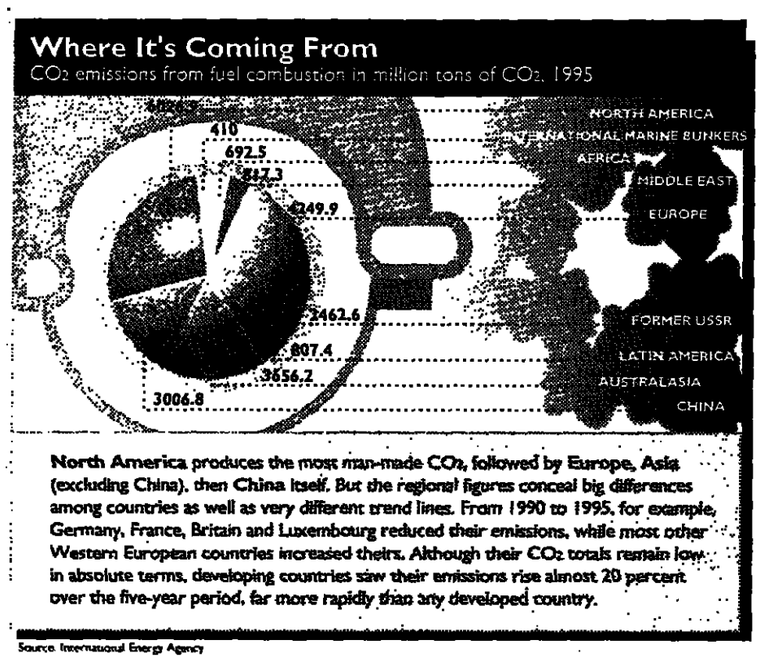
The model predicts precipitation increases in high northern latitudes and during the summer monsoon, but precipitation decreases in a few areas, such as southern Europe in summer.

"The model is built on mathematical equations that govern, for example, the way oceans move," explains Mr. Jenkins. "We inject into that model conditions that will be changing over the next 100 years, such as an expected increase in carbon dioxide and methane. Then we look at what the model is telling us in terms of rainfall, temperature and sea level rise."

The computer scenarios are helpful to policy makers and planners as they look at the effect of climate change on agriculture, for example. The models may show how different types of vegetation will increase or decrease as the result of changes in precipitation and how this will affect crop yield, food prices and the number of people at risk of hunger.

Variables upon variables

"There are great uncertainties," says Mr. Jenkins. "We can calculate the amount of warming reasonably well. But then things happen that can exacerbate or ameliorate the problem. For example, when the earth warms, the atmosphere can hold more water vapor, which in itself is a greenhouse gas, and that will further increase the temperature change. Another example is sea ice, which reflects a lot of solar radiation and thus cools the climate. When sea ice melts, more radiation is absorbed into the earth's system, causing further warming. Changes in clouds could add to or subtract from the problem. There's a whole range of factors." **A.B.**



North America produces the most man-made CO_2, followed by Europe, Asia (excluding China), then China itself. But the regional figures conceal big differences among countries as well as very different trend lines. From 1990 to 1995, for example, Germany, France, Britain and Luxembourg reduced their emissions, while most other Western European countries increased theirs. Although their CO_2 totals remain low in absolute terms, developing countries saw their emissions rise almost 20 percent over the five-year period, far more rapidly than any developed country.

Source: International Energy Agency

CLIMATE CHANGE AND THE ENERGY PARADOX

Energy is a most paradoxical commodity. Without an abundant supply of it, no economic progress is conceivable. And yet, virtually all the energy sources used today present dangers that could not only arrest but roll back progress altogether.

We have known for years that the combustion of fossil fuels posed grave threats to the environment. There is now convincing evidence that the carbon dioxide produced in burning coal, oil and natural gas can alter the very climate that supports human life. Energy is not the only source of noxious emissions (animals and plants are also sources), but it is by far the largest source of man-made CO_2.

This paradox will be at the heart of the debate when ministers from more than 170 countries gather in Kyoto today to seek a worldwide solution to the threat of undesirable and unpredictable climate change.

While the talk will be of ceilings for CO_2 emissions, climate technology initiatives and "activities implemented jointly," the real concerns will be for keeping and producing jobs and increasing national wealth and personal comfort. Big energy users will not wish to cut their consumption. Poorer countries will not agree to mortgage future growth by eschewing energy use in the future. Energy, then, is at the heart of the problem, and energy will inevitably play a critical role in any solution.

Double-edged sword

To say that does not resolve the problem or reduce the paradox. It does suggest that a successful outcome at Kyoto must deal as fully with economic as with environmental issues. It must be able to muster broad political support that will lead to ratification by the parties. To be credible, the legally binding protocol adopted at Kyoto must be ambitious — but also realistic, achievable and cost-effective. An agreement that appears to damage important economic interests will not meet that test.

No one knows, of course, precisely how serious the climate-change threat may be. But the political decision to act has already been taken — notably at the Berlin conference in 1995, which set the mandate that the negotiators in Kyoto will fulfill.

Whatever the uncertainties surrounding the meteorological facts, those negotiators face the obligation to achieve a clear result. At a minimum, their work must include a solid political assessment of risks and costs, thereby determining a framework.

The good news in a generally gloomy scene is that greenhouse gases can be limited by cost-effective means. We can alter the form in which services are delivered by improving their efficiency, reducing their energy and greenhouse gas content and moving to new and cleaner technologies and infrastructure.

If a clear and flexible framework is devised, industry and governments can design policies and programs that will work, such as the development and deployment of climate-friendly technologies. Many such technologies are available today. Yet their deployment has slowed significantly over past decades. This trend must be reversed.

Technology deployment is desirable in the industrialized countries. It is vitally urgent in the developing world. For while climate change is a universal problem, its status varies widely among countries.

The highly developed member countries of the International Energy Agency have produced the vast majority of greenhouse gases now suspended in the atmosphere. They have, therefore, an obligation to lead.

But it is the developing countries that will account for the bulk of growth in CO_2 and other undesirable emissions, as their rate of economic growth accelerates. It follows that neither the rich nor the poor countries can deal with the threat separately. The only approach with a chance of working is a partnership approach.

Partnerships must be created that will engage governments, businesses and consumers to act in their own interests in sensible ways, to reduce emissions while still improving the quality of their lives.

That is a tall order — especially for a 10-day meeting under intense international scrutiny. But I am confident that it is achievable. Just as in 1974, when the consuming countries met a daunting threat to energy security, so now, in the face of an even sharper challenge, the world's economies can move forward again. But new progress is acutely dependent on a clear outcome from the Kyoto conference and a flexible framework for implementing it.

Robert Priddle
Executive Director
International Energy Agency


Robert Priddle, executive director of the International Energy Agency.

"ENVIRONMENT: THE CHALLENGE OF CLIMATE CHANGE" *was produced in its entirety by the Advertising Department of the International Herald Tribune.*

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OUR RESPONSIBILITY TO FUTURE GENERATIONS

Japan's Official Development Assistance (ODA) is undertaking a worldwide initiative to promote the long term well-being of our planet through its sustainable development and environmental protection efforts, including efforts to combat climate change.

JAPAN
Official Development Assistance

SERIOUS ENVIRONMENTAL PROBLEMS

More than ever before, serious environmental problems are posing a threat to the well-being of humans around the world. Various forms of pollution and destruction of natural terrestrial and marine resources are not only creating health problems, but are also reducing the possibility of achieving long-term economic growth. They ultimately threaten global human security. It is imperative to face these problems together.

As individuals, each of us bears responsibility for modifying our lifestyles to reduce the causes of these problems. Each country bears the responsibility of contributing to the financial and technical resources necessary to solve them. The government of Japan is taking this responsibility so seriously that it makes all efforts to support environmental protection. It is hosting COPIII (the Third Session of the Conference of Parties to the UN Framework Convention on Climate Change), which begins on Dec. 1 in Kyoto.

JAPAN'S ODA TAKING THE LEAD

Japan made serious commitments to promote environmental protection and sustainable development during the UNCED (Earth Summit) in 1992. Since then, it has not only met those commitments but has also far surpassed them. Japan's environmental ODA has exceeded by more than 40 percent the UNCED target of 0.9-1 trillion yen in the five-year period beginning FY92. The graph below shows that Japan's environmental ODA during this period has in fact grown to 1.44 trillion yen (about $13.3 billion).

But Japan is not stopping there. At a special session of the United Nations in June 1997, Prime Minister Hashimoto announced the "Initiatives for Sustainable Development toward the 21st Century" (ISD), which shows a comprehensive picture of Japan's future aid policy for environmental protection and sustainable development.

IMPACT-ORIENTED ACTIVITIES

ISD is the latest of numerous ongoing ODA environmental initiatives taking place around the world, as seen in the map below. Under ISD, a more intensive effort will be launched to counter the most insidious of environmental problems that threaten global human security in developing countries. Under ISD, the following activities will be carried out:

• Global Warming: —"The Kyoto Initiative"

This is a critical issue that could have a profoundly severe impact on the existence of humankind in the future. Developed countries must take the lead in addressing this problem now, and must form partnerships with developing countries to prevent the problem from being aggravated in the future. To achieve this, Japan has announced "The Kyoto Initiative" consisting of the following three pillars:

- Japan will support developing countries in the battle against the root causes of global warming through training programs for 3,000 people, beginning in FY1998.
- The use of environmental infrastructure and equipment to combat global warming is being supported by granting ODA loans with the most favorable interest rate available internationally (0.75 percent interest rate, 40-year repayment period).
- The latest industrial techniques and business practices to arrest global warming will be transferred to developing countries through Japanese technical assistance and workshops.

• Air and Water Pollution, Waste Disposal

An Acid Deposition Monitoring Network in East Asia will be established to assist in pollution monitoring through environmental centers and human resource development. It will also provide financial and technical cooperation for pollution control, recycling and development of appropriate technologies.

• Nature Conservation & Afforestation

ODA will promote the building of a biodiversity information network in East Asia, establish a coral reef conservation and research center in the Asia Pacific region to pursue a regional research network, promote assistance for social forestry projects and large participatory afforestation projects, and strengthen its support for the International Tropical Timber Organization.

• Fresh Water

Japan will continue to extend assistance in the area of water supply, sewage systems and well-digging.

• Enhancing Environmental Awareness and Strategy Building

Japan will further promote environmental policy dialogue through conferences, assist in environmental education projects through grant assistance for grass-roots projects, and build an international network for strategy development to address global environmental issues through "The Institute for Global Environmental Strategies."

WORKING TOGETHER TO CONSTANTLY IMPROVE

Japan's ODA seeks to utilize a people-centered approach in which all individuals are allowed to partake in the process and benefits of sustainable development. As such, Japan's ODA has taken many measures to pay more attention to the needs of developing countries, support increased participation of local people, and involve NGOs in the development process.

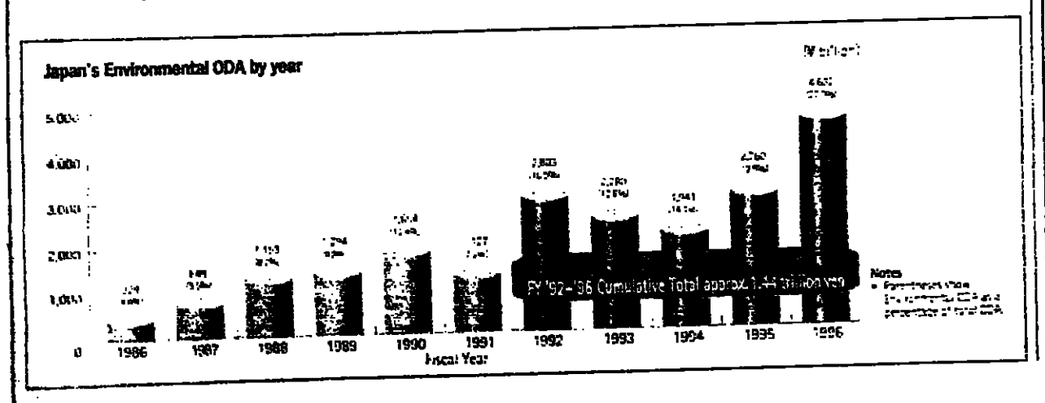
ISD will be carried out in a participatory manner with developing countries whose local governments, NGOs and citizens assume the primary responsibility and role in taking action to counter environmental problems. Together with our partners in developing countries, ODA will continue to improve and achieve successes in combating these serious environmental threats.

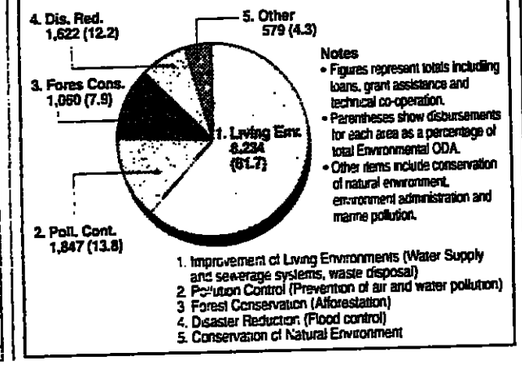
FOR FUTURE GENERATIONS

From the depths of postwar devastation and despair, Japan has achieved rapid economic growth since the end of World War II, but has experienced severe pollution problems in the process. There is perhaps no other country that can share both the suffering of a developing country and the environmental concerns of a developed country to the extent that Japan can. This is why Japan makes it a national policy to cooperate in the promotion of sustainable development and environmental protection.

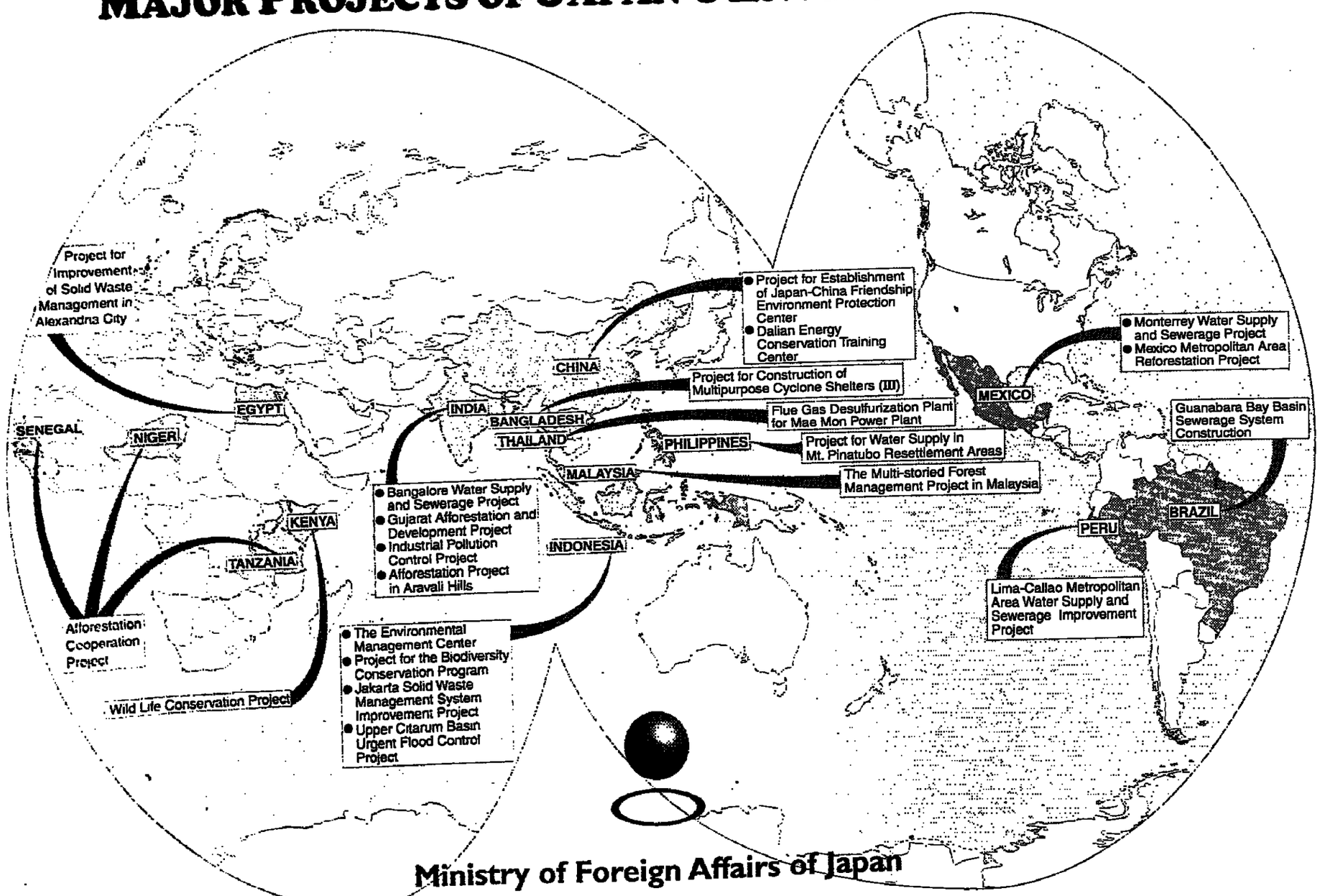
The world is now faced with a serious environmental situation that requires a strong response. The government of Japan is meeting this challenge through ODA by carrying out activities that will address these problems squarely.

Japan is fulfilling its responsibility and leading the effort to promote environmental protection and sustainable development around the world. By doing so, it hopes to make a significant contribution with its partners to protect global human security and support the well-being of future generations everywhere.





MAJOR PROJECTS OF JAPAN'S ENVIRONMENTAL ODA



Ministry of Foreign Affairs of Japan

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WHAT FATE AWAITS OUR WORLD'S CHILDREN?

Universal Peace or Nuclear Annihilation?

AN OPEN LETTER TO PRESIDENT BILL CLINTON, THE CONGRESS OF THE UNITED STATES OF AMERICA AND TO THE PEOPLE OF THE WORLD.

"We must be shapers of events, not observers. For if we do not act, the moment will pass - and we will lose the best possibilities of our future,"
- President Bill Clinton[1]



Preparing for the unexpected is the hardest challenge facing any policy maker.[2] As a recent article in the "Wall Street Journal" reported, the most optimistic Democrats and Republicans of a decade ago would not have foreseen that "communism would be dead, the federal budget would be virtually balanced, and Americans would be buoyant about the economy."[2] All these are happy surprises, but what will the next decade bring? The shocks of the next 10 years — the coming 120 months — may astound us too, but the shocks may be appalling. To me the most sinister potential threat comes from that nearly forgotten, rotting stockpile of nuclear weapons brandished during the Cold War.

In 1955 Albert Einstein, Max Born and Bertrand Russell, with six other Nobel Laureate scientists issued a manifesto warning that an "H-Bomb war might put an end to the human race"[3]; and in 1962 it was pointed out to President Kennedy in the Cuban nuclear missile crisis that 92 million Americans were vulnerable[4]. What is todays' worlds' exposure? Utter and absolute, global destruction!

Thus, in this century, both the have and have-not nations have opened the Pandora's Box of nuclear fission. All of us sit atop the ticking time bomb of thousands of nuclear warheads and their explosive components (many under appallingly poor supervision) and an ever expanding stockpile of weapons-grade fissionable material. Why do world leaders remain blind to the terrible reality which threatens us all? Why do they drag their feet? Because, very simply, WE, THE PEOPLE OF THE WORLD have not raised our voices loudly enough in articulate protest.

Public opinion has concluded — and falsely, I might add — that the principal threat to Western and American interests has vanished. It has not.[5] Rather, the threat has stealthily shifted from the finished weapons of colossal destructive power to the potential traffic in nuclear devices in the sinister marketplaces that arm terrorists and rogue nations.

In my previous "Open Letters" published in the "New York Times" and the "International Herald Tribune" (and accessible on our Internet site at: www.people-of-the-world.org[6]) I appealed to world leaders to act decisively to prevent the chilling possibility that even one of these weapons would find its way into the hands of a despot.

The Perfect Terrorist Weapon!

As horrific as they may be, pipe bombs and poison gas grenades pale beside the evil that could be unleashed. According to the news magazine "60 Minutes" aired on CBS on September 7, 1997, "the perfect terrorist weapon... (are) small nuclear devices called SADMs, which stand for special atomic demolition munitions. Designed for sabotage behind enemy lines," these devices can "pulverize buildings, base camps, bridges and command and control centers." A SADM "can be carried by one person" in a suitcase — yet just one is "powerful enough to kill tens of thousands of people."

Some insiders have speculated about one-hundred of these weapons of destruction may now be floating around the world, desperately sought after by terrorist groups and rogue nations who have been trying to buy nuclear capability.

The Russian Military is in Crisis and the Russian Nation Has Asked for Help in Fixing Its Security Problems:

According to an expert on the "60 Minutes" report, more than five-hundred officers from the former Soviet Union committed suicide in 1996, and hundreds of officers, including 20 generals, are under investigation for corruption. "The lack of food, housing and pay that (has) crippled the entire Russian army have now spread to the elite units," says "60 Minutes" "(which) guard the nuclear weapons." The temptation to exchange know-how for hard dollars grows daily. Russia has already asked the United States of America for help to fix its security problems; and solutions have been proposed, but there is precious little time to waste.

WE CAN BE HAPPY ABOUT WHAT HAS BEEN ACHIEVED IN THE LAST DECADE. BUT, WE CANNOT BECOME COMPLACENT THAT THE MOST DIFFICULT CHALLENGES HAVE BEEN SURMOUNTED.

WE, THE PEOPLE OF THE WORLD, CALL ON YOU, MR. PRESIDENT, THE LEADER OF THE MOST POWERFUL NATION ON EARTH, AND TO THE CONGRESS OF THE UNITED STATES OF AMERICA, TO ACCEPT THE CHALLENGE OF LEADING THE WORLD TO OVERCOME OUR MOST SINISTER LINGERING THREAT — GLOBAL NUCLEAR ANNIHILATION.

IS THERE A SOLUTION?

Yes, I believe there is.

* Challenge the scientists of the world to develop alternative technologies to prevent the production of weapons-grade materials in existing nuclear power plants. I stress my use of the plural "technologies" — because I believe there are multiple solutions and a free-enterprise world economy should be given the opportunity to foster the best possible solutions.
* Stimulate our best organizational and diplomatic thinkers to find ways which ensure strategic nuclear substances are always in the hands of reliable authorities, totally committed to world peace.
* Devise new and more reliable methods to monitor and detect existing nuclear weapons everywhere. With our overwhelmingly advanced information technologies, why, for example, can't we pinpoint the location of any dangerous mass of nuclear materials?
* Challenge scientists globally to devise even more cost-effective ways to convert today's nuclear stockpile into harmless substances or beneficial resources.

We can round up nuclear weapons that have gone astray, and we can ELIMINATE the potential for nuclear weapon material production from commercial nuclear energy processes in our Children's World of the twenty-first century. The nuclear threat can be destroyed forever, and, at the same time, our children can be given a future with stable and clean energy.

ACT NOW:

President Clinton, the Congress of the United States of America and the PEOPLE OF THE WORLD, an irretrievable and historic window of opportunity is closing before us. It is closing steadily and silently. The Cold War is over, but we have not yet "won the peace" and cannot do so until we invest the time, energy, and hard assets to keep the peace safe, ***by destroying the world's vast stockpiles of nuclear, chemical and biological weapons.***

I ask YOU again, the PEOPLE OF THE WORLD, do you sense the same ominous scenario that I do? Then echo these sentiments and send E-mail to President Clinton, and the Congress of the United States of America.[7] Send your faxes and letters to other leaders of the world who can advance this proposal.

TEACHERS OF THE WORLD'S CHILDREN, encourage your students to put forward their voices in letters, essays and postcards to our Leaders. Help them to help themselves. It is our responsibility to ensure that their future is protected and safe from the ravages of nuclear annihilation.

God Help Us

"We cannot, we must not, let this moment pass, for an incinerated earth and a cremated humanity have no further needs. God help us...and, God can only help us if we start helping ourselves!"
-Alfred J. Roach



Alfred J. Roach
Academician, Russian Academy of Sciences
Fellow, World Academy of Arts and Sciences
Fellow, Washington Academy of Sciences
Member, New York Academy of Sciences

Founder and Chairman of TII Industries, Inc. (Telecommunications)
Founder, Chairman and CEO of American Biogenetic Sciences, Inc.

Visit our Internet site at: www.people-of-the-world.org for previous articles.
For more information write to: Alfred J. Roach, 801 Albany Street, Boston, MA 02118

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1. President Clinton's State of the Union Address: http://www.whitehouse.gov/WH/SOU 97/
2. Wall Street Journal, "Divided Government is Popular", September 19, 1997
3. The Einstein-Russell Manifesto: http://www.web.ape.org/%7Epgs/pages/einruss.html
4. New York Times Book Review, "Profile in Caution", October 19, 1997
5. Scientific American, "The Dangers of "Launch on Warning" a Nuclear Mistake Might Be Only 15 Minutes Away", November 1997
6. The PEOPLE OF THE WORLD website has been expressly created to advance awareness and dialogue concerning the threats posed by the world's decaying nuclear arsenal and to promote prompt and positive actions to safeguard the future of coming generations.
7. E-Mail President Clinton at: president@whitehouse.gov
   E-Mail Congress by visiting their website at: congress.org

IF YOU AGREE WITH THIS MESSAGE YOU ARE FREE TO PUBLISH OR SEND A COPY TO A FRIEND, GOVERNMENT OR BUSINESS LEADER

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ENVIRONMENT: THE CHALLENGE OF CLIMATE CHANGE

BALANCE SHEETS NOW SEEK TO BE 'IN THE GREEN'

For businesses, long-term concerns are changing.

Increasingly, the bottom line for businesses must not only be financial, but also environmental and social. In other words, their goal should no longer be just growth, but also sustainable development.

For the corporations of the 21st century, key issues will include eco-efficiency, ecological tax reform, environmental accounting and justice, intergenerational equity and human rights. Businesses face the challenge of weaving these priorities into their day-to-day operations and developing management tools to address and integrate these issues.

Holistic accounting

The members of the World Business Council for Sustainable Development, the Business Council for Sustainable Energy and its European counterpart, the European Business Council for a Sustainable Energy Future, are among those already embracing this new, more holistic type of accounting.

"More and more businesses are recognizing that sound environmental policy is not only the right thing to do, but the profitable thing to do," says Michael Marvin, executive director of the Business Council for Sustainable Energy.

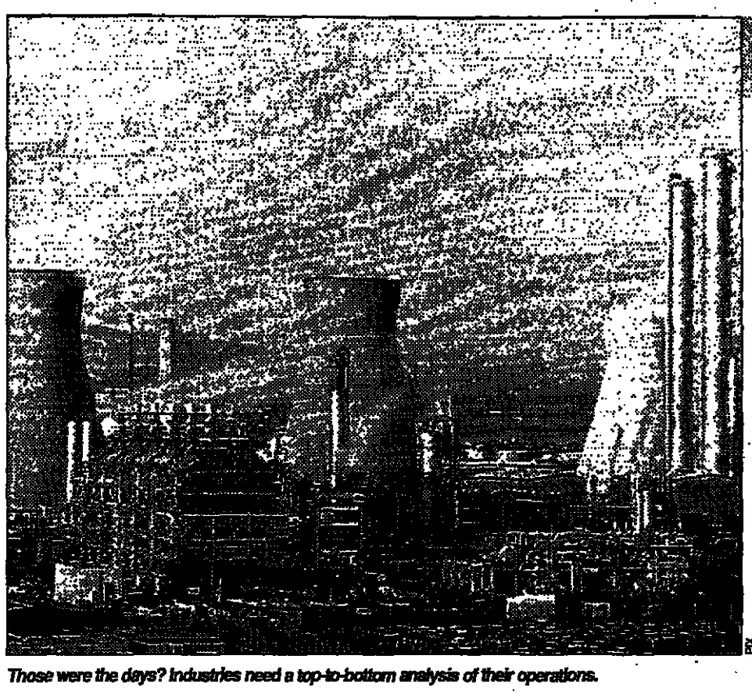
"What is required is a serious, unbiased analysis of a company's internal activities, its day-to-day operations, to examine the method with which it obtains resources, the efficiency of the processes, the marketing of the products — a top-to-bottom, bottom-to-top review of processes and practices."

Room to maneuver

The Business Council for Sustainable Energy advocates market-based policies and believes that the most efficient way of reaching climate change goals is to set an international cap on emissions, with a near-term target, and to institute a free emissions trading program. "Our position is, 'Give us a timetable, give us a target, and get out of the way.' We can get there more efficiently than any government body," says Mr. Marvin.

Jim Wolf is the vice president of government affairs for American Standards, a U.S. manufacturer of plumbing products and air conditioners. He is a member of the Business Council for Sustainable Energy and says that his company sees potential for new and expanded business following energy-efficiency measures that may emerge from Kyoto.

"Those businesses that are emphasizing high-efficiency alternatives, such as natural gas, renewables and cogeneration, believe that while scientific evidence of climate change may not be complete, it is sufficient for us to move ahead — if nothing else, as an insurance policy," he says.



Those were the days? Industries need a top-to-bottom analysis of their operations.

Paul Metz is the executive director of the European Business Council for Sustainable Energy, which represents small, medium-sized and multinational companies that operate in all sectors of the economy, but especially in energy production, housing and buildings, appliances, transport and telecommunication and investment services.

"Our members believe that their products and services can not only reduce climate change, but also reduce structural unemployment and dependency on nonrenewable fuels, in an efficient and profitable way," says Mr. Metz.

Economic instruments introduced by governments, such as tax reform of subsidies and trade mechanisms for carbon emissions, will help achieve the correct pricing. "Correct pricing will be more inclusive of environmental impacts, and that means that environmental accounting becomes a part of ordinary accounting," says Mr. Metz.

In November, at a Business Environment Roundtable on climate change convened by the Stockholm Environment Institute for the Swedish transport sector, the president and chief executive officer of Saab Automobile, Robert W. Hendry, said in a keynote address: "The earth's climate is everybody's concern, and as good corporate citizens, we are deeply involved." He echoed the sentiments of many other businesses when he said that industry's voluntary actions will work faster than "stiff-legged regulations."

Realistic targets

Björn Stigson, president of the WBCSD, says, "The WBCSD would support targets if they are realistic, quantifiable and measurable. Any targets must include deadlines consistent with longer-term business investment decisions and they must take full advantage of efficient mechanisms such as joint implementation and internationally endorsed emission reduction trading."

About 20 percent of today's global emissions of carbon dioxide come from the transport sector. The industry has a key role to play in paving the way for a world less dependent on fossil fuels. Electric cars, hybrid cars and vehicles powered by fuel cells are all in the pipeline. Without significant market demand for these vehicles, however, such advancements will have little effect on climate change, at least in the short term.

"Business are appreciating the cost of nonaction even more than the cost of action," comments Nicholas Sonntag, executive director of the Stockholm Environment Institute. "They know that their technology must be viable in the future. So they have to act now so they don't run into a wall. The challenge is moving the question beyond the next and better technology to asking, 'What business are we in?' If we rephrase the question, the solutions available immediately broaden. For instance, is Volvo in the business of cars or is it in the business of moving people around? That is the kind of mind shift that has to occur." **A.B.**



GM's EV1 electric car: 79 miles to the battery charge.

VIEW FROM THE BOARDROOM

The chief executive officer of Saab proposes a win-win approach.

Over the years, research and development in many large companies has provided substantial contributions to the environment. Saab Automobile is a good example. We were the first to use four-valve technology, turbo technology and direct ignition in standard production cars. These innovations made for more efficient combustion, lower fuel consumption and lower emissions. We were also the first to remove asbestos from brake linings and to exclude CFCs from air conditioning systems. Saab cars have been equipped with catalytic converters since 1976.

This shows how new technologies are continuously being developed within the automobile industry. Many of them aim at reducing impact on the environment. Electric cars, like GM's EV-1 and electric pickup, are already hitting the market, hybrid cars are in the pipeline, and a few years from now we'll probably see vehicles powered by fuel cells.



Robert W. Hendry, CEO, Saab Automobile: 'We believe that global companies should accept global responsibilities and propose thoughtful solutions'

Saab's Ecopower engine concept combines low fuel consumption with low emissions through refined engine management, turbo technology, enhanced combustion and low friction. In fact, already today, we only have to make minor adjustments on Saab cars to make them run on almost any kind of fuel. This shows that engine development is far ahead of the infrastructure — alternative fuels are hard to come by all over the globe.

Creative solutions

An emphasis on technology development is a win-win approach to achieving CO_2 emission reductions. Global technology programs, jointly funded by the public and private sectors, can stimulate creative solutions. In addition to this joint effort of the public and private sectors for technical development, one issue that is a roadblock to technology diffusion around the globe is the lack of harmonization of regulations that affect products.

Currently, many countries have differing regulations and testing procedures, for instance, in the area of safety. We devote extensive engineering resources and capital to adjust our products for sale in each country.

These differing approaches to achieve the same goal are, in fact, a duplication of effort, and provide little or no incremental benefit to the consumer. Harmonization of regulations affecting products would free up engineering resources that could then be devoted to technology development.

Technology development plays a vital part in all the voluntary actions that are already being taken by the automotive industry. At Saab, we know that the environmental approach to car design has not, up until now, been a main issue among the majority of our customers. Nevertheless, we have pursued, and still pursue, our efforts to stay in line with what the environment requires.

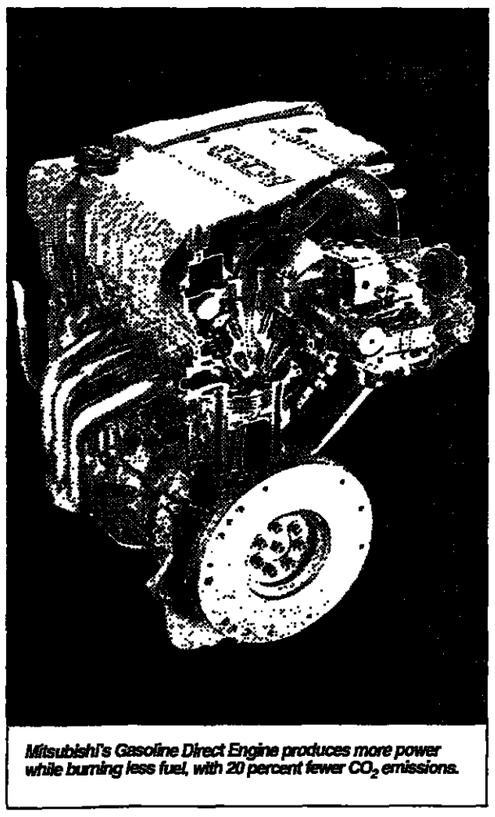
This goes for our production as well. In the last few years, we've substantially reduced our energy consumption at our main plant in Sweden. We've also taken part in the initiation of a broad-based program for the recycling of cars. Furthermore, we've considerably reduced the amount of waste from our production.

Business Roundtable Meetings, like the one we had in Stockholm in November, show that many companies are willing to take on a leadership role in terms of voluntary action for the preservation of our environment. Together, we have tremendous know-how and skills, and if we find ways to jointly organize our work, it will have great impact on the success of our mission.

Within Saab Automobile we are setting up a team of experts that will give special attention to environmental issues. As part of General Motors operations, we play an active role in the extensive and escalating research work of their Global Climate Issue Team, comprised of colleagues worldwide. We believe that global companies should accept global responsibilities and propose thoughtful solutions.

I strongly believe that most actions have to be based on voluntary contributions from each and every one of us. It is in the interest of companies, governments, international organizations as well as individuals to ensure a sustainable environment.

Robert W. Hendry
Chief Executive Officer
Saab Automobile



Mitsubishi's Gasoline Direct Engine produces more power while burning less fuel, with 20 percent fewer CO_2 emissions.

AUTOS: BAD NEWS AND GOOD NEWS

Transport accounts for a quarter of emissions.

If there is truth to the saying that things have to get worse before they get better, then the world should brace itself for a radical change in how decision-makers perceive the problem of global warming and evaluate possible solutions.

"The writing is on the wall that we don't have time to waste and that we face a potentially dangerous and catastrophic future," notes Bill Hare, Climate Policy Director at Greenpeace International in the Netherlands.

At the same time, Mr. Hare says, there is increased optimism that governments and companies worldwide are finally ready to respond with actions rather than words. "We aren't just saying we have a worrying problem," Mr. Hare notes. "We are hearing people say 'Yes, we have a problem, but we can deal with it.' That's a major step."

Most countries, for example, now agree that the transport sector represents a priority area. Their eyes have been opened by recent OECD reports that show that this sector alone is responsible for 25 percent of global CO_2 emissions from fossil fuel use. OECD projections further indicate that, without new CO_2 mitigation measures, road transport CO_2 emissions are likely to grow from 2.5 billion tons in 1990 to 3.5 billion to 5.1 billion tons in 2020.

Galloping consumption

Perhaps even more startling are recent World Resources Institute reports that warn that Asia's enthusiasm for Western-style consumption habits is potentially threatening to the earth's balance and is environmentally unsustainable over the long term.

China, the world's number-three energy consumer, contributes 11 percent of global CO_2 emissions. By the year 2025, energy consumption there is projected to double or even triple.

Another concern is India, a country that has doubled its energy consumption over the last 20 years. The country currently accounts for 3 percent of global CO_2 emissions and is projected to increase its share six times and raise its energy demand fourfold by the year 2025.

Such drastic increases in emissions will inevitably compound global pollution problems, threaten aquatic ecosystems and impair the growth of crops, scientists say. The result may be hurricanes, floods, earthquakes and other natural disasters thought to be caused by global warming and the greenhouse effect.

But there may be a way out of this doomsday scenario. "If we can become more productive with our resources, we can extract at least four times as much wealth from the energy we use," notes Ernst von Weizsäcker, president of the Wuppertal Institute for Climate, Environment and Energy in Germany. "It is not a question of going back — but of moving forward to begin a new industrial revolution."

Mr. Weizsäcker, coauthor of the environmental best-seller "Factor Four," points out that a "severe but curable illness called the wasting disease" is the cause of today's environmental woes. "It is possible to do more with less resources if we stop wasting. We already have many of the technologies that can use the world's resources more efficiently."

The transport sector, however, is traditionally "intractable and slow to change," notes Jack Short, deputy secretary-general of the European Conference of Ministers of Transport (ECMT) in Paris. There is hope, however, that government resolutions such as the 1995 agreement between the ECMT and vehicle manufacturing industry on the need for reducing CO_2 emissions will motivate carmakers to develop more fuel-efficient vehicles.

"It will take a long time to replace the fleet [of cars in use]," Mr. Short says. "But the consensus on emissions has cleared the way, and cars and technologies are coming out that represent a major step in the right direction."

Greener technologies

Japanese companies are aggressively promoting their green credentials. Mitsubishi, for example, says it has developed an engine technology that is more environmentally friendly than either conventional gasoline or diesel engines.

The Gasoline Direct Injection (GDI) engine features new technologies that enable it to produce more power while burning less fuel than a lean-burn engine. It also produces 20 percent fewer CO_2 emissions and consumes 20 percent less fuel, the company says.

Torotrak, part of the British technology conglomerate BTG, has a different approach. Its Infinitely Variable Transmission (IVT), has a number of advantages over manual and automatic transmissions because it can operate at any engine speed, industry analysts say. The technology, which is also suited for large vehicles and buses, promises a 20 percent to 30 percent increase in fuel economy and a decrease in CO_2 emissions.

"We believe we have a solution that makes the biggest contribution of any technology in the automotive sector," notes Maurice Martin, Torotrak's chief executive. The technology, he says, is at the "concept-readiness stage" and has been prototyped into a range of passenger vehicles from carmakers that include Ford and Rover.

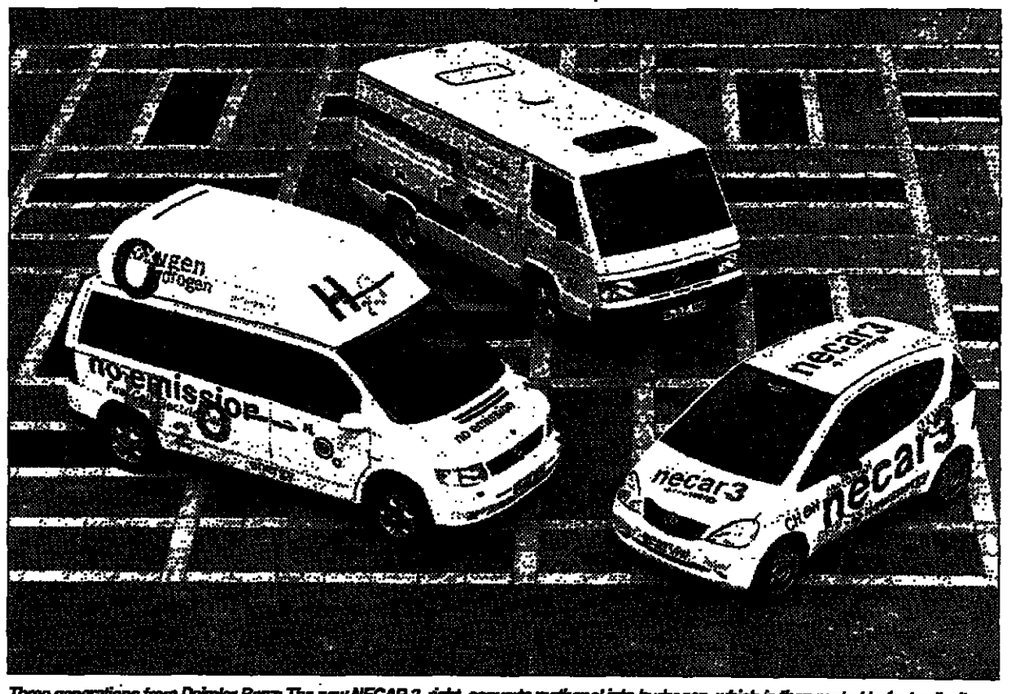
The revolutionary NECAR-3 is a fuel cell vehicle developed by Daimler Benz. Unlike its predecessors, the NECAR-3 runs on methanol, which is converted into hydrogen. The hydrogen gas is then fed into the fuel cells, where it reacts with atmospheric oxygen to produce electrical energy, which is used to power the vehicle. It can travel over 400 kilometers (250 miles) on only 38 liters (10 gallons) of methanol.

Previous fuel cell systems could only operate together with bulky hydrogen tanks or heavy buffer batteries, notes Johannes Ebner, a Daimler Benz vice president in charge of infrastructure for fuel cell vehicles.

"Getting rid of the hydrogen tanks means that this vehicle is far more practical," Mr. Ebner says. "Many companies, not just Daimler, believe in the potential of this technology and are motivated by its high [sales] potential," Mr. Ebner says. "Now the focus is on ways to cut production costs and bring the technology to market."

Indeed, competition stands to become even tougher now that politicians are moving closer to a consensus on emissions reductions. Not to be outdone, Toyota is also about to launch the world's first hybrid gasoline/electric car. The car, which goes on sale in December, travels 66 miles on a gallon of gas, Japanese tests report.

Peggy Salz-Trautman



Three generations from Daimler-Benz: The new NECAR 3, right, converts methanol into hydrogen, which is then routed to fuel cells. Its precursors were the NECAR 1, center, developed in 1994, and NECAR 2, left, developed in 1996.

DUTCH INDUSTRIAL COVENANTS

Dutch progressivism is often met with a wry smile. Sure, the response goes, its social experiments are highly sensible, but just as surely they'll get lost in the translation abroad. The Dutch economic boom has turned that common wisdom on its head.

One of the secrets of this success lies less in experimentation than in progressive everyday practice. It's called ex-post-consensus-building between government and industry.

In the Netherlands, costly direct regulation is well on the way out. Dutch companies rarely are fined for noncompliance. Business as usual entails negotiated agreements between industry and government on socially acceptable levels of energy efficiency and achievable levels of emissions output.

Recognition of the greenhouse gas issue began in the Netherlands not long after the initial international global warming meeting in Toronto in 1988.

Given that most of Dutch energy production is based on fossil fuels, the steps chosen related to decreasing consumption and promoting research into renewable energy sources. Unlike the majority of Western industrialized nations, the Dutch government, according to Greenpeace, finances more renewable energy projects than those on fossil fuels and nuclear energy combined.

The agreements between government and industry, called Long Term Agreements on Energy, began in 1992. By improving energy efficiency (from 1989 levels) by 20 percent by the year 2000, Dutch industries not only will save $860 million, but will also "live up to their feeling of responsibility for the environment," according to Ton van Dril of the Netherlands Energy Research Foundation, ECN.

If, as expected, the Dutch economy continues to grow at an EU high of around 3.2 percent annually, the goal remains to reduce Dutch energy consumption, as current consumption is outpacing energy efficiency growth by one percentage point of the GDP.

Richard Rogers

ENVIRONMENT: THE CHALLENGE OF CLIMATE CHANGE

EU TO WORLD: IT'S TIME TO DO THE RIGHT THING

The European Union's stringent line on emissions is backed up by initiatives in transport and energy.

The entire world will be the loser if the Kyoto conference fails to agree to reduce emissions of greenhouse gases, says the European Commission. "This is not a beauty contest," says a spokesman for Ritt Bjerregaard, the European Union's environment commissioner. "It is about combating global warming."

The EU is proposing a 7.5 percent reduction in 1990 emission levels by 2005 and a 15 percent reduction by 2010. But it is not willing to go it alone. Other industrial nations must make similar reductions, it says, with China, India and other developing countries following shortly behind, because they are among the biggest emitters of greenhouse gases.

Across the EU, targets would vary from country to country because industrial standards vary immensely on this tiny continent. Exceptionally high standards are applied in Germany, Austria and Denmark, for example, compared with Portugal, where emissions are actually rising.

The EU's bottom line is that the EU as a bloc will meet whatever targets are set at Kyoto, however. "As agreed in Rio de Janeiro in 1992, the industrial nations must take the lead and pursue common policies and measures," says Mrs. Bjerregaard. "That means that all parties, to whatever agreement is reached, must ensure that they meet their commitments. It also means that they must apply the same methods so as to minimize problems with competition."

Burning questions

The need to reduce greenhouse gases is commonly acknowledged — nobody disagrees with it in principle. The burning questions are: How, by how much and by when?

The EU's position covers a basket of three gases: carbon dioxide (CO_2) methane (CH_4) and nitrous oxide (N_2O). No stance has been made on specific targets for these gases. But the EU holds that a 15 percent reduction jointly is both technically feasible and economically manageable by 2010.

CO_2 is the most important of the three gases, being responsible for approximately 80 percent of the impact when the gases are weighted according to their so-called "global warming potential."

CO_2 emissions, however, are also the most difficult to reduce. Yet the very long lead-time on phasing out CO_2 is the best reason of all for initiating action sooner rather than later, goes the EU argument.

CO_2 emissions are inherently linked to the use of fossil fuels, such as coal, oil and gas. Since no economical substitute exists as yet, the only way to reduce emissions is by modifying processes, equipment and behaviors.

The long life expectancies of investments in the transport and energy sectors and the relatively long lifespan of consumer goods such as cars and refrigerators mean that any CO_2 emission strategy needs a wider horizon in terms of implementation than most environmental problems.

Setting an example

What is technically feasible and economically manageable in Europe is equally practicable in the rest of the world, says the EU. The EU's position is that only politically acceptable ways of improving technology and putting it into practice can be considered.

Brussels has already adopted a CO_2 emission target that corresponds to a 30 percent improvement in the average fuel economy of new cars by 2005, compared with today's average. This can be improved still further at low cost with available technology.

Tax measures, combined with conspicuous labeling of every engine's fuel consumption, could equally influence a customer's choice when purchasing a vehicle.

The EU is also focusing on rail as an alternative means of transport to attract traffic that currently goes by road. It is stepping up pressure on the transport industry to build services that connect with one another, such as high-speed trains that meet planes and ferries.

To this end, the momentum is building to liberalize and revitalize the EU's railroads. This should reduce fares and result in better service.

Back to the windmill

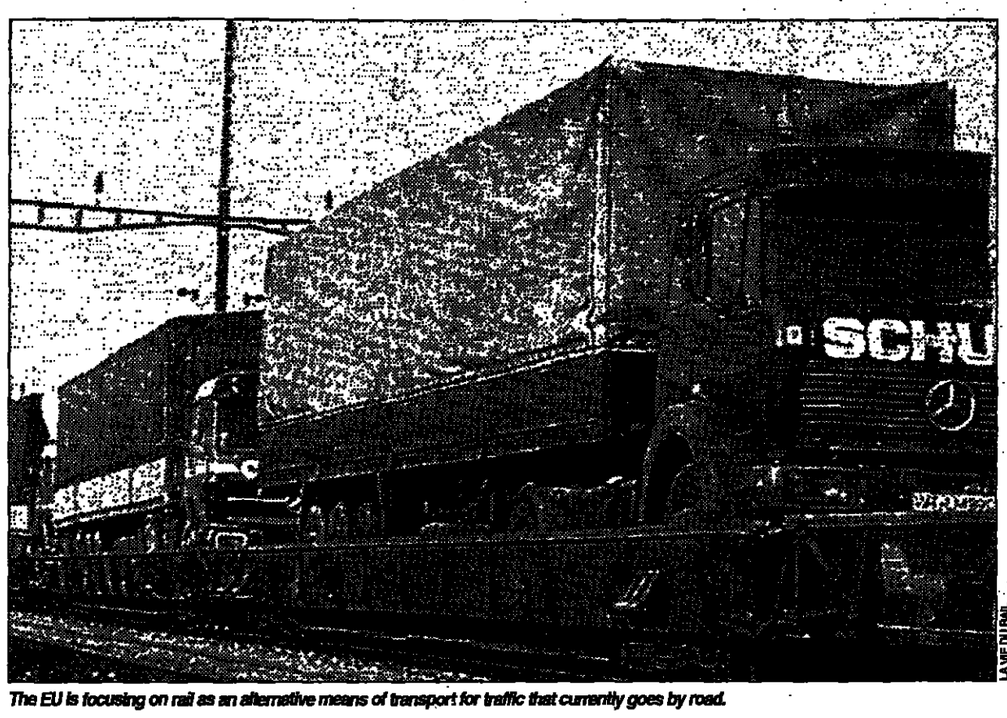
Within the energy sector, the share of renewable sources is currently 6 percent. But the EU holds that increasing use of renewable energy, such as wind and solar power, to 12 percent by 2010 is realistic, if somewhat challenging, target.

This has been underlined in Denmark, where installed wind power capacity is nearly 1,000 MW and accounts for around 5 percent of electricity consumption.

So far, the use of many forms of climate-friendly technology has been modest. One reason is low energy prices. Another is that up-front investment often discriminates against "greener" goods. One easy-to-implement solution is to offer fiscal incentives for switching the balance without increasing taxes overall, such as positive discrimination to promote lead-free gasoline.

"The ways and means for cutting greenhouse gases without too much pain are available to all of us," says Mrs. Bjerregaard. "If the EU can make the effort, surely the rest of the industrial world can do the same. Climate change recognizes no national borders and, ultimately, whatever efforts we make today will be for all our benefit and that of future generations."

Helen Cranford



LA VIE DU RAIL

The EU is focusing on rail as an alternative means of transport for traffic that currently goes by road.

INSURING AGAINST FINANCIAL RISK FOR STAKEHOLDERS

Investors are beginning to factor in the environment when it comes to business risk.

The insurance industry has long voiced concern about the consequences of global warming, and now the investment community is starting to sit up and take notice.

In the United States, a top credit-rating service warned a major American electric utility company that its dependence on coal-fired generation was cause for concern in view of future limits on carbon dioxide emissions.

In an effort to promote their customers' commitment to sustainable development, financial institutions around the world have signed the UNEP Initiative on Financial Institutions and the Environment.

The financial community will find plenty of company among the insurers who are already being hard hit by the effects of climate change. It is estimated that in the past six or seven years, the insurance industry has had to cover insured claims totaling over $50 billion as a result of climate-related catastrophes, including storms, hurricanes, floods and fires.

"This places climate risk squarely onto insurance company agendas," writes Carlos Joly, senior vice president of Storebrand in Norway in the recently published book, "Climate Change: Mobilising Global Effort," published by the OECD's Environment Directorate.

"We are experiencing an alarming increase in the frequency and severity of climate-related natural catastrophes and in the size of insured losses. Nearly 50 percent of all catastrophe-related insurance claims since World War II have been paid out since 1990. This is not just due to inflation or increased coverage of riskier policies. Climate change is hitting the bottom line of the reinsurance industry. But the economic losses to society are far more important."

Stormy weather

Mr. Joly warns that "our solvency as an industry could become threatened if we are not careful about what we exclude from coverage, if we leave ourselves open to claims from damage resulting from climate change phenomena." His company is among 71 insurance companies worldwide that have signed the UNEP initiative to organize their industry's commitment to combat climate change.

It may only be a matter of time before other sectors, such as transportation and heavy industry, are hard hit by the consequences of increased regulation on emissions and growing market and investor pressure. This phenomenon is already occurring in the U.S. electric utility industry.

Fitch Investors Service, one of the top three U.S. credit rating services, issued a report on PSI Energy last December that indicates "concern" about its "dependence on coal-fired generation." Fitch warned of the potential of the company being affected by any future limits on emissions, including carbon dioxide.

The same utility ranked last among the big suppliers in the National Resources Defense Council's recently released environmental liability index of utility companies. The index measures utilities' future financial risk from CO_2 emissions. Part of a report entitled "Risky Business: Hidden Environmental Liabilities of Power Plant Ownership," it ranks the 60 biggest U.S. electricity suppliers with 1995 revenues exceeding $1 billion and 59 smaller suppliers.

The report warns that with increased competition in the electric utilities industry, U.S. power plants that have been "shielded by regulations from many financial risks will soon have to survive in an unforgiving marketplace."

The American Petroleum Institute and National Association of Manufacturers estimate that the total exposure of electric generation to CO_2 emissions limits or taxes could exceed $60 billion annually. Says the NRC's Ralph Cavanagh, one of the authors of the report, "The good news for the higher-risk utilities is that much can be done to improve their positions."

Where the buck stops

In the European Union and elsewhere, a broad range of financial institutions are also starting to pay attention to the financial risks that may have to be shouldered as a result of climate change.

The UNEP Financial Institutions Initiative on the Environment was founded in 1992 to engage these players in a constructive dialogue about the nexus between economic development, environmental protection and sustainable development. It promotes the integration of environmental considerations into all aspects of the financial sector's operations and services. It also fosters private-sector investment in environmentally sound technologies and services.

"Joining the initiative has enhanced the care with which our bank group looks at our own activities as well as the activities of our customers, and that in itself is a step in the right direction," says C.N. Crowe, a legal adviser with HSBC Holdings Plc. in Britain.

"Banks generally will do their utmost to influence their customers, including their corporate customers, to comply with existing laws and regulations as well as the spirit of forthcoming laws and regulations," he says. "For example, if you know that a ban on CFCs is coming, you try to persuade your customer to get rid of CFCs early so it doesn't hit them all at once. That's simply good financial planning." **A.B.**

OFFICIAL AND GRASS-ROOTS CALLS FOR JAPANESE ACTION

Companies and citizens will also be having their say over the next 10 days.

Japan's ancient capital of Kyoto is the scene for what is expected to be a frank exchange of views on the future of the environment, as more than 5,000 people are expected to attend the Third Conference of Parties to the UN Framework on Climate Change, or COP3, which takes place Dec. 1-10.

The Japanese government's proposal is to reduce greenhouse gases and emissions by 5 percent from 1990 levels by the year 2012. The proposal has drawn heavy criticism from the European Union as being too low and praise from the United States as being practical and prudent.

Gases included in this 5 percent reduction include carbon dioxide, methane and nitrous oxide. The Japanese proposal would also allow countries still developing economically to tie their reduction rate to gross domestic product and per capita income.

Almost immediately after the plan was announced, Japanese officials found themselves on the defensive. While international critics, including German Chancellor Helmut Kohl, claim that the Japanese proposal is too vague and not strict enough, government officials at Japan's Ministry of International Trade and Industry (MITI) said that just keeping Japanese greenhouse gas levels at 1990 levels would be a major challenge.

Not quite consensus

Yet, even within the Japanese government, there is disagreement about what sort of a proposal would be the most effective. While MITI supports the 5 percent plan, Japan's Environmental Agency has expressed its concern that the plan is not strong enough. The Environmental Agency, which had locked horns with MITI over the final proposal, had originally wanted a 7 percent cut.

Japan's response to the EU proposal is that, although the EU as a whole is offering a 15 percent cut, some countries, such as Portugal and Greece, could actually raise their emissions by at least 30 percent as long as the EU as a whole meets the 15 percent reduction. The Japanese government also questions how the EU will be held accountable if some members fail to attain their targets.

Whatever the governments decide will have to be implemented by people and businesses. In Japan, many nongovernmental organizations, which run the gamut from local activists to leading Japanese companies like Kyocera, Toyota and Sony, have a range of activities planned for the 10-day conference.

For example, one of the first NGO conferences, which takes place Dec. 1, is on chlorofluorocarbons and global warming. During the conference, Japanese companies specializing in CFC-collecting equipment and ultraviolet-ray measuring equipment will display their latest technological innovations.

The transport sector will be sponsoring its own conference, which will take place throughout the 10-day event. The panel will explore the commercial potential of low-emission cars and trucks. The Japanese electronics and agricultural industries also have their own symposiums and workshops planned, where participants will hear what is being done to reduce pollution as well as view new environmental technologies designed to reduce gas emissions.

Voluntary initiatives

Perhaps the most ambitious NGO event during COP 3 will be the international conference on voluntary business initiatives for mitigating climate change. Here, businesspeople from Japan and abroad will have the opportunity to meet with high-ranking government officials and exchange views on what voluntary actions the business community can take to reduce greenhouse gases.

Some Japanese companies already have voluntary environmental preservation programs in effect. This past October, Kyocera Corp. announced that all 11 of its manufacturing facilities in Japan had attained International Standards Organization (ISO) 14001 registration. This is a voluntary international standard that promotes the creation of corporate structures in support of activities that reduce environmental burdens caused by industry.

Kyocera itself has established an in-house committee on environmental issues and has abolished all use of fluorocarbons, while carrying out research on environmentally friendly products.

Ordinary citizens are expected to play a major role in COP 3 as well. Over 200 Japanese NGOs, ranging from antinuclear activists to rain-forest preservation activists, have come together under the umbrella of the Kiko Forum. Led by attorney Mie Asaoka, Kiko Forum is calling on the government to raise the reduction rate and to offer stronger measures to protect the environment.

Several members of Kiko Forum, as well as other NGOs, believe that a 20 percent reduction in greenhouse gases is possible. The forum's leader says that strong governmental commitment to curbing industrial excesses is first needed.

Japanese living in the Kansai region of Japan have formed the Group of 21, which supports a 20 percent reduction by the year 2005.

Eric Johnston



REA

Kyoto will also be the site of conferences held by nongovernmental organizations as well as the transport, electrical and agricultural industries.

UNITED STATES: CAUGHT IN THE CROSSFIRE

In the run-up to the Kyoto meeting, the U.S. government has faced an onslaught of diverse opinions from special interest groups on what its stance at Kyoto should be.

The Clinton administration announced that its Kyoto agenda would include a proposal for the developed world to reduce emissions to their 1990 level sometime between the years 2008 and 2012. The summit's other main participants — Japan and the European Union — did not think the U.S. stance was strong enough. Japan seeks a 5 percent reduction from 1990 within that time frame, while the Europeans urge a 15 percent reduction by 2010.

Moreover, the three proposals do not agree on which gases (other than carbon dioxide) should be included in the agreement.

Ritt Bjerregaard, the EU commissioner responsible for environment, climate change, sustainable development and the future of the European energy industry, made his position quite clear, calling the White House proposal "tantamount to promising to stabilize [American] emissions 13 years later than the date they promised at the Rio Summit in 1992."

It begins at home

Regardless of the international response to its proposal, the Clinton administration has been caught in the crossfire between environmentalists and big business at home.

The Global Climate Information Project, sponsored by big business, decided to take its cause to the American people in October with a $13 million advertising campaign arguing that greenhouse warming is not a real threat to global health and that limiting emissions would also restrict economic growth.

The sponsors were aiming for a result similar to that of the famous "Harry and Louise" campaign, which is seen as contributing in large part to the failure of President Clinton's proposed overhaul of the U.S. health-care industry during his first term.

Working with far smaller budgets, environmental groups have also been doing their best to get their message across. The Working Group on Public Health and Fossil-Fuel Combustion — comprising delegates from the World Health Organization, Environmental Protection Agency and other health officials, academics and climate and pollution experts — recently published a report in the Lancet medical journal stating that reducing greenhouse gases responsible for global warming could save up to 8 million lives worldwide by 2020.

Their figures are based on a scenario that assumes a 15 percent reduction in carbon emissions over 1990 levels for developed countries and an additional 10 percent reduction over projected levels for 2010 in developing countries, compared to a business-as-usual scenario that assumes nothing is done to reduce carbon emissions in the earth's atmosphere between now and then.

All six greenhouse gases are included the White House proposal for Kyoto, which would translate into emissions reductions of around 30 percent from what it is estimated they would otherwise be 13 years from now. The administration says the most important is carbon dioxide, produced by burning fossil fuels like oil, coal and natural gas.

In public appearances around the globe, Exxon Corp.'s chief executive officer, Lee Raymond, has defended the common energy industry position: that any limiting of fuel emissions is based on unsound scientific assumptions adversely affecting international economic growth.

"It does not make sense to cripple the economy to make changes in the environment that may prove unnecessary, premature or don't stand the test of rigorous cost-benefit analysis," he says.

In October, Mr. Raymond told the 15th World Petroleum Congress in Beijing that the earth isn't getting warmer and that even if it were, oil and gas emissions are not to blame. Additionally, the Exxon chief said that no one can accurately predict future temperature rises.

Environmental groups disagree with Mr. Raymond's stance. Jonathan Lash, president of the World Resources Institute, says that the petroleum industry "battled regulations to remove lead from gasoline, and the iron and steel industry opposed laws to limit particulate emissions." He says environmental regulations ended up costing these industries much less than originally estimated, and their tangible effect on pollution control is now scientifically documented.

Robert Eaton, chairman of Chrysler Corp., says the creation of a Kyoto pact that limits carbon dioxide emissions in industrialized nations, while not imposing similar limits on developing countries, is among the biggest problems in U.S. government policy.

Julia Clerk

SOLUTION SEARCH

Continued from page 18

do a great deal to make their products, processes and plants more energy-efficient and to send the right signals to the market. A recent study commissioned by the World Wide Fund for Nature and carried out by Tellus Institute and the Stockholm Environment Institute-Boston found that the United States could reduce its annual carbon emissions to 10 percent below 1990 levels by 2005 and to 22 percent below 1990 levels by 2010, at a net savings to the economy.

Consumers can take concrete steps to transform their lifestyle to one that is more energy-efficient by buying the most energy-efficient appliances and alternatively fueled cars and, beyond that, changing the way they plan their communities and travel from place to place.

Recently, over 2,500 U.S. economists, including six Nobel laureates, issued a statement emphasizing that well-designed policies relying on market mechanisms can be economically beneficial and may improve productivity in the long run.

Although climate change is a long-term problem, early action to significantly slow its causes makes good economic sense. Waiting decades before acting will result in greater damage to the environment from global warming, analysts say.

"Those with an interest in fossil fuels say that the costs will be astronomical," says Richard Moss, head of the IPCC's Working Group II on impacts and responses. "Those with an interest in alternative fuels say that the costs will be minimal or negative. We need to stop posturing and find common ground, before it's too late."

Amy Brown

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ENVIRONMENT: THE CHALLENGE OF CLIMATE CHANGE

TURNING A THREAT INTO A COMMODITY

Enter the market era of tradable emissions.

Big business is cultivating two market-based solutions to lowering emission standards: joint implementation and carbon offset trading. Joint implementation is when industrialized countries invest in emission-reducing projects in developing countries that do not have binding commitments to cut their emissions. Carbon offset trading is when companies in developed countries are assigned carbon production limits and are then able to exchange emission variances to achieve that limit.

"Most OECD countries have found it too difficult to find cost-effective ways to reduce their greenhouse gas emissions to 1990 levels by the year 2000." Fiona Mullins of the OECD Environmental Directorate stated in a recent report on emission trading. "Large capital intensive infrastructure is in place to support fossil fuel use. The lifestyle most of us take for granted is dependent on fossil fuels. One way to make fundamental changes in infrastructure and lifestyle that appear to have been so difficult so far, is to use market forces to achieve environmental goals at the lowest possible cost. Trading would provide incentives for emission reduction. It is sometimes called an 'incentive based regulation.'"

As global warming does not correlate with the exact location of greenhouse gas production — reflected by a thinning of the ozone layer over the Antarctic rather than a major industrial region — greenhouse gases are thought to be ideally suited to international emission trading.

New trade commodity

Once national quantified emission limitation and reduction objectives (QELRO) agreements have been drafted, it is hoped at the Kyoto summit, a new global trade commodity will be created: greenhouse gas emissions. The actual tradable amount would be the difference between a country's QELRO and actual emissions.

Experts believe that carbon trading will lower the cost of reducing greenhouse gas emissions by providing financial incentives. Participating countries or companies could use any means to reduce emissions in a low-cost way, including environmental research and development within their own operations or by buying low-cost emission rights from other sources.

Efficiency gains (i.e., cost reductions) and implementation flexibility could be achieved through international greenhouse gas emission trading because of differences in the cost of mitigating them in different countries. There is scope for cost-effective savings in all countries, but models show that differences in mitigation costs vary widely from place to place. This would allow participants to reduce emission where (and possibly when) it is least expensive.

In theory, the more countries that participate in greenhouse gas mitigation cost savings, the greater the benefits for the entire globe. Yet Ms. Mullins of the OECD and Richard Baron of the International Energy Agency point out it may be more realistic to include only countries with quantified emission commitments. To encourage wider participation in the future, they suggest that trading should be kept simple and a comparable emissions inventory methodology used by all countries.

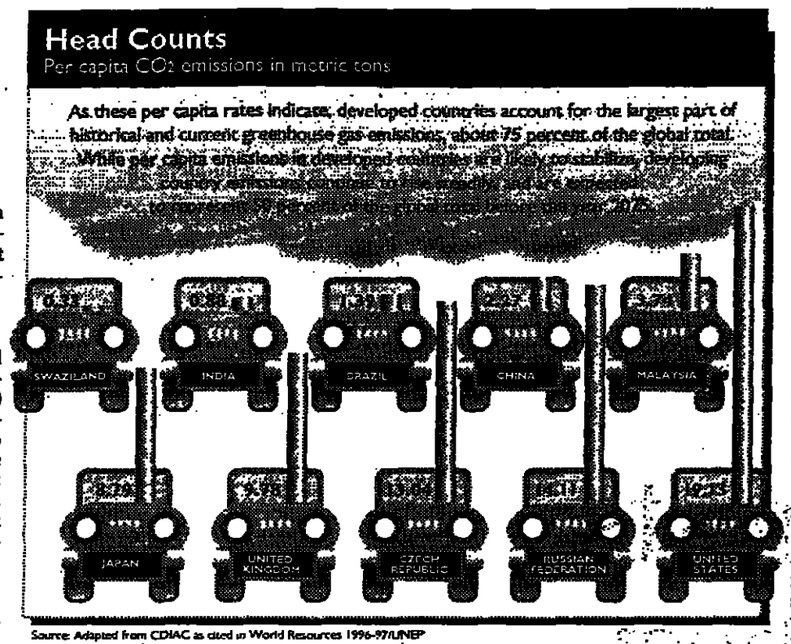
More reasons to monitor

Of course, monitoring systems will become an integral part of any emissions trading system. Being able to trade emissions units internationally will depend on participants' being able to accurately account for their emissions and greenhouse gas units at the national level. International law does not currently provide a strong legal basis for global monitoring and enforcement, so new mechanisms may be needed to ensure that trade is properly supervised and to maintain the credibility of the trading system.

No one is saying that establishing an international emission trading system will be simple.

Ms. Mullins and Mr. Baron are quick to point out potential problems, including lack of experience with international emission trading systems, lack of confidence in national monitoring systems, industry opposition to government control of and involvement in the trading process and concern that participating countries will purchase units from other countries while neglecting to implement politically sensitive emission reduction measures at home.

In several recent papers on emission trading, the OECD has described a number of successful examples of tradable permit systems used to address environmental problems. Tradable fish quotas in New Zealand, for example, have helped move commercial fishing to more sustainable levels. U.S. electric utility companies have established tradable SO_2 (sulfur dioxide) allowances. Compared to the cost of implementing traditional sulfur emission regulations without trading (estimated at $4.9 billion a year), SO_2 allowance trading (estimated to cost $2 billion a year) has reduced the cost of lowering acidification. The flexibility that trading provides also enables electric utilities to comply with commitments at lower costs. **Joseph R. Yogerst**



Source: Adapted from CDIAC as cited in World Resources 1996-97/UNEP

FOR INDUSTRY, 'NO REGRETS' IS THE NEW MODUS OPERANDI

Western governments' message to industry is increasingly: Be responsible.

Aided by economists, government awareness and research and development programs, industries are finding that they can cut costs significantly by maximizing their energy efficiency, along the way helping to restore the environment by reducing overall greenhouse gas emissions. The public relations incentives alone are enormous.

Since the UN Intergovernmental Panel on Climate Change declared in its Second Assessment Report in 1995 that "significant 'no-regrets' opportunities are available in most countries," there has been wide recognition within industry of not a problem but an opportunity.

Profitable investments

Profitable, energy-saving investments are being made to meet ever more stringent emission targets, set in collaboration with government. In Germany, at least 71 percent and in the Netherlands 90 percent of industrial energy consumption is now covered by new efficiency agreements, according to a recent OECD report.

The urgency of undertaking such measures is clear. According to the World Wide Fund for Nature, industry releases over one-third of the world's energy-related CO_2 emissions. If industrial consumption of energy is reckoned, the figure increases to 47 percent.

Shrinkage potential

The incentive promoted by governments is the recognized "efficiency gap," also referred to as the "no-regrets" potential. Comparing business as usual with the "economic potential" for positive change, researchers have found that industrial energy demand could be lowered by an average of 30 percent. Moreover, the "technical potential" for reduction is around 60 percent, while the "theoretical potential," derived from thermodynamic laws, amounts to 80 percent in savings over current practice.

Within reason

While the theoretical may be off the map, researchers convincingly argue that at least the economic potential is well within reason. Barriers to implementing technologies to realize this potential include a lack of awareness of energy-saving opportunities.

That's where governmental action comes in. In the United States, for example, the Department of Energy, occasionally in collaboration with the Environmental Protection Agency, has set up a number of programs to encourage awareness and implement no-regrets measures.

"Climate Wise" participants, including three major steel manufacturers, are providing technical and financial assistance, amounting to $3.4 million in public money in 1997. "Motor Challenge" ($7.4 million) promotes the development of electric motor systems in the car industry, "Green Lights" ($16.3 million) rewards more efficient industrial lighting in warehousing and other sectors, and the more ambitious "Industry of the Future" ($74 million) brings together seven industries to develop a common energy R&D agenda and dramatically improve best practice.

Sticking points

Much remains to be done. One of the major sticking points for any American commitments to be made at Kyoto is that U.S. CO_2 emissions are expected to rise some 13 percent by 2000 in comparison with 1990 levels.

The generally accepted target, first set down at the Toronto climate meetings in 1988 and reiterated since then, has been a reduction of emissions by 20 percent in 2005 from 1990 levels.

"To avoid ecologically dangerous climate changes," Greenpeace is calling for at least a 35 percent reduction by 2010 and 50 percent by 2020. The Alliance of Small Island States, with 36 members, has joined the calls for urgent action.

Continental progress

The prospects of meeting the targets are better in Europe, where government has a less spotty record of ensuring widespread industrial awareness and urging voluntary target compliance.

Generally considered more "social" than its North American counterparts, Northern European industry, like its labor forces, is also better organized.

In Germany, for instance, a "Joint Declaration of German Industry on Climate Change" has been issued, pledging to reduce emissions by 20 percent (from 1990 levels) by 2005. The 1996 pledge improves upon an earlier declaration, calling for a reduction of up to 20 percent by the same year. In the Netherlands there is an analogous national industrial policy for lowering greenhouse gas outputs.

The next step entails adopting widespread industrial measures to reduce absolute emission levels. Many of the voluntary and binding measures in Europe (not to mention internationally) are specific, or per unit, output targets.

With the recent economic upswing, especially in the Netherlands, per-unit reduction in emissions is often cancelled out by growth. In other words, per unit output emission targets may be met, but with greater consumption, atmospheric pollution only rises.

This discrepancy has not gone unnoticed by researchers, government and industry. Each continues to recognize what are sometimes called the "soft effects" of setting and meeting ever-stricter absolute targets.

In a significant move, members of a high level advisory group on the environment in late November called upon the OECD to redefine its commitment to "sustained economic growth" by working toward development "that sustains human and environmental, as well as economic, capital."

The group urged the OECD to develop a set of indicators that could be used to measure progress by governments toward integrating economic with environmental policy. **Richard Rogers**

GREAT ENERGY SAVINGS POTENTIAL FROM A MODEST TECHNOLOGY

Developing new technologies that help limit emissions at their source can in some cases be quite simple.

Roughly 1 billion people throughout the world boil their water on cooking stoves to make it potable. In Indonesia's capital of Jakarta, it is estimated that people spend 1 percent of the city's gross domestic product on boiling drinking water. Many of the poorest people still cannot afford to do so, but will start as soon as they are able. Collectively, the consumption of energy for this basic need is tremendous.

Ultraviolet purification

An Indian water treatment company, Urminus Industries, located in Bombay, has recently started manufacturing a 15-liter-per-minute purifying device at its plant in nearby Pune. Called UV Waterworks, the device uses ultraviolet light equivalent to that of a 40-watt bulb and was invented by Indian-born Ashok Gadgil at the Lawrence Berkeley National Laboratory in Berkeley, California.

"I see the potential as absolutely enormous for developing countries like India," observes Vikas Garud, a director at Urminus. "The use of energy in other purification methods, including its consumption in producing chlorine or potassium permanganate, is tremendous." The production from caustic soda of chlorine, one of the most common purifiers, is one of the most energy-intensive processes.

"The technology is in its infancy," says A. Subramaniam, another Urminus director. "We had earlier had a couple of these devices fabricated for us and installed in New Delhi and at a village adopted by the beverage company Brooke Bond in Uttar Pradesh. We have now begun making these ourselves for about 30,000 rupees [$810]." The device can even be used in villages without electricity, with a solar photovoltaic panel, which raises its cost to 100,000 rupees.

According to David Greene of Lawrence Berkeley, "UV Waterworks uses approximately 20,000 times less energy than boiling over a biomass cookstove. Each unit, which can serve 1,000 people, used in place of boiling, may save up to 6.3 tons a day, or 2,300 tons a year, of carbon-equivalent if it replaces nonsustainably harvested biomass."

If the unit replaces boiling over wood fuel, which is sustainably harvested, Mr. Greene calculates a saving of 2.8 tons of carbon equivalent a day, or 1,000 tons a year.

For the 500 million Chinese who currently boil their drinking water, this represents a potential saving of 510 million tons a year of carbon-equivalent greenhouse gas emissions other than carbon dioxide.

"The energy savings and corresponding equivalent carbon emissions reductions will vary with cookstove fuels and stove efficiency," says Mr. Greene. In the context of the Kyoto conference, the scientists point out, this energy-efficient method of disinfecting water could be a way for a country to earn carbon credits.


URMINUS INDUSTRIES
Pure water at 2 cents a ton.

A small thing, but efficient

Mr. Gadgil admits: "Ultraviolet water disinfection is not a new technology. However, the small-scale, energy-efficient and low-maintenance design of UV Waterworks has created a uniquely affordable and effective device: disinfecting water using the equivalent of a 40-watt light bulb at the cost of 2 cents per ton of water treated, treating 15 liters (or approximately 4 gallons) per minute, enough for 500 to 1,500 people. As a result, UV Waterworks offers the first practical means of providing many communities in developing nations with readily accessible, disinfected drinking water."

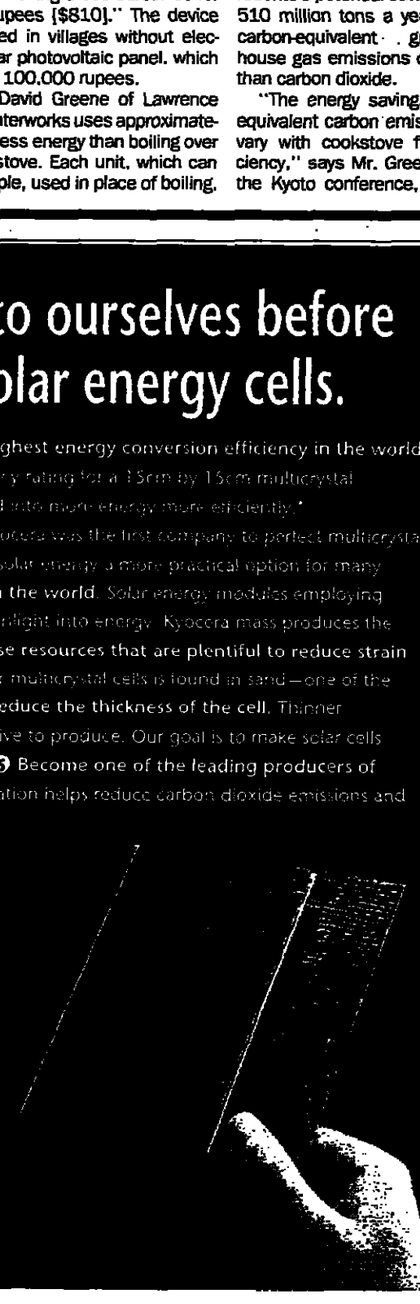
Darryl D'Monte

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SPORTS

Russian Spins His Way To Men's Skating Title

Compiled by Our Staff From Dispatches

NAGANO, Japan — Ilia Kulik regained control after an early lapse and earned near-perfect marks for an intricate and rhythmic program, capturing the NHK Trophy men's title in his first victory of the figure skating season.

Kulik, a former European champion, finished ahead of Scott Davis, an American who gave his best performance in two years. Davis moved up to second from fifth place after the short program.

Guo Zhenzxin of China landed a quadruple and seven triples to take third.

Kulik, who was runner-up to Elvis Stojko last year, turned a triple axel into a single axel at the beginning. But he quickly recouped with a sharp triple axel-triple toe loop combination. Mixing in spins, spirals and dance steps he jumped five more triples.

For technique, he was awarded one 5.9 and four 5.8s out of a possible 6.0. He won four 5.9s and four 5.8s for presentation.

With the victory Kulik qualified for the series finals Dec. 19-21 in Munich.

The NHK Trophy was the last of six qualifying events for the final. It also served as a rehearsal for the Winter Olympics skating events, which will be held at Nagano's White Ring arena in February. Even so, Michelle Kwan, Tara Lipinski, Todd Eldredge, Stojko and other Olympic favorites skipped the event.

Russia will have just two skaters in the men's Olympic event and Kulik still has to compete against the world bronze champion, Alexei Yagudin, 17, and the junior world champion Evgeni Plushenko, 15, for one of those spots.

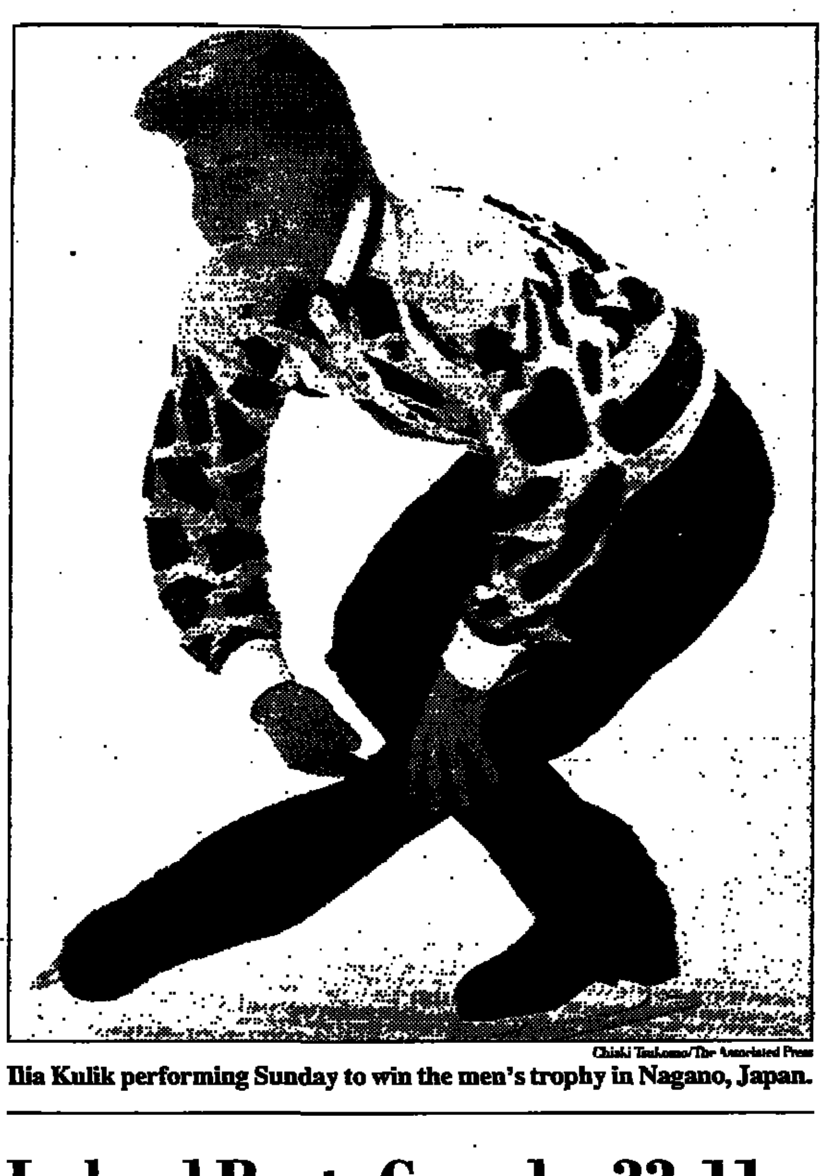
In addition, the defending Olympic champion, Alexei Urmanov, is hoping to recover from a serious groin injury in time to compete in the Russian nationals in early January.

"It will be very tough," Kulik said. "After the final in Munich and the Olympics, the Russian nationals will be the toughest competition."

Davis will be competing with the U.S. national champion and world silver medalist, Todd Eldredge, and Michael Weiss, who has consistently outskated Davis recently, for one of two U.S. spots in the Olympics.

In the women's final Saturday, Tanja Szewczenko of Germany won her second title in a month. After a 19-month absence because of illness and injuries, Szewczenko won the Nations Cup four weeks ago. Maria Butyrskaya of Russia, who led the short program Friday, finished second, after making some unsteady landings from triple jumps.

Also Saturday, Shen Xu and Zhao Hongbo won the pairs title, becoming the first Chinese to win that event in a world competition. In ice dancing, the Russian pair of Pasha Gritshuk and Evgeni Platov won the gold. *(AP, Reuters)*



Chiaki Tsukumo/The Associated Press

Ilia Kulik performing Sunday to win the men's trophy in Nagano, Japan.

Just Making the Start Is a Test in This Race

By Kimi Puntillo
New York Times Service

GORAK SHEEP, Nepal — On the world's highest mountain, 74 runners took their marks in an icy snowfall shortly after 7 A.M. on Nov. 23.

The conditions obscured visibility on a race course that featured steep, rock-strewn trails hugging precipitous cliffs and primitive bridges traversing swift, glacial rivers. The challenge before them was the sixth Everest Marathon, the highest and arguably the most difficult marathon in the world.

Their first challenge had been to get to the starting line, just below Everest Base Camp, at an altitude of 17,000 feet. They had come from the United States, Britain, Australia, New Zealand and Russia to Katmandu, Nepal, and from there they boarded a bus for a nine-hour ride, followed by a three-week trek with more than 200 porters, cooks and Sherpa guides in tow.

So, during a time when marathoners usually scale back training to rest up before a race, these runners hiked at least seven hours daily, at altitudes as high as 12,000 feet, gradually making their Himalayan ascent. They camped in tents, in temperatures that dipped below zero at night but could climb to 70 degrees during the day. They ate mostly bland soups, potato and rice dishes often prepared in huts with dirt floors. The majority of them experienced altitude sickness, dysentery and nausea.

The day before the race, the runners had to pass a medical exam before their final three-hour ascent to the starting line. Under sunny skies, in a field surrounded by snowcapped mountains, doctors checked runners' lungs for fluid and tested their balance, as passing yaks occasionally interrupted the proceedings. As a result of the exams, 15 of the 89 runners dropped out before the race.

The morning of the race, runners who had spent the night in sleeping bags in subfreezing temperatures unzipped their tent flaps to find the weather had taken a turn for the worse.

"I could hardly see for the first three miles of the race," said Hari Rokaya, a 34-year-old Nepali farmer who won the race in 4 hours 15 minutes 29 seconds. Rokaya competed in the 1992 Olympic marathon in Barcelona.

Anne Stentiford, a 32-year-old computer programmer from England, finished in 5:16.03, slashing more than 16 minutes off the women's record despite a fall in thick mud that nearly sent her over the edge of a cliff.

For the Everest race, average times are usually nearly double normal clockings for the 26.2-mile distance. Rokaya did not stop for water during the entire race. "I didn't want to lose any time," he said. "Avoiding yaks already delayed me a couple of minutes."

The difficulty of breathing the oxygen-thin air was compounded at one point by a continual ascent of more than 1,100 feet that reduced even the elite runners to a fast walk. An ice-covered uphill stretch plagued everyone at the halfway point, causing runners to slip and slide backward.

"I clawed my way up by grabbing onto branches and trees," Stentiford said.

"I broke a rib when I fell on the ice," said Dick Opsahl, 65, of the United States. "Deep breathing helped me finish." He took 9:37.43.

Doctors were posted at three-mile checkpoints, and runners had to race with a backpack including waterproof clothing, thermal underwear, a flashlight, emergency whistle and bivvy bag — a thick, plastic bag — to help protect against extreme weather.

Runners also attended a seminar on altitude sickness and rescue procedures, where they were instructed to forfeit time and wait with a disabled runner if they encountered one. It would then be up to the next runner to go to the nearest three-mile checkpoint to alert a doctor. Luckily, no one required extreme medical assistance.

The first Everest Marathon was held in 1987, organized by Diana Penny Sherpani, owner of Bufo Ventures in England, a company that organizes trekking vacations in Nepal. The race has been held every other year since, except in 1995 when freak snowstorms and avalanches prevented runners from reaching the starting line and only a half-marathon could be held.

Several of the disappointed runners returned this year, determined to complete a full marathon, paying upward of $3,500 (the cheapest price from London) for a package that included special insurance in case an emergency medical evacuation by helicopter was required.

Eckart Lemberg from Colorado, racing the course a second time, is the oldest man to complete the Everest Marathon at 69. He ran it in 8:09.03.

John Gluckman, 46, a dairy farmer from New Zealand, entered the race after successfully reaching the summit of Everest four years ago with a friend, Rob Hall, as his guide. Gluckman had mixed emotions because Hall died during a climb in May 1996.

"The mountain draws a certain type of person," said Gluckman, who finished in 8:11:42. "There's a similar temperament to the people who climb Everest and compete in the marathon — it takes enormous determination, drive and discipline to finish the race."

German Skier Takes Women's Super G Race

Compiled by Our Staff From Dispatches

MAMMOTH MOUNTAIN, California — Katja Seizinger of Germany won the women's World Cup Super G race at Mammoth Mountain.

Seizinger finished in 1 minute 13.23 seconds in Saturday's race. She was followed by Isolde Kostner of Italy with a time of 1:13.87. Third was Seizinger's teammate Katarina Gutensohn in 1:13.89.

Course officials lowered the starting altitude by 400 feet (123 meters), after five feet of snow fell Wednesday.

Martina Ertl of Germany finished eighth and took the lead in the overall World Cup standings with 304 points.

On Friday, Hilde Gerg beat Ertl in the parallel slalom. Ertl missed a gate and failed to complete the second of two runs of the final.

• Officials canceled all the men's events over the weekend at Whistler Mountain, British Columbia, because of heavy snow. They hope to make up the races next week in Vail, Colorado. Gunter Hujara, men's World Cup director, said the North American World Cup season may be extended because there is inadequate snow in Val d'Isere, France, where the next races after Vail are scheduled. *(Reuters, AP)*



Don Emmert/AFP

Katja Seizinger winding down Mammoth Mountain to victory.

Ireland Beats Canada, 33-11

Reuters

Ireland beat Canada 33-11 in a rugby union international at Lansdowne Road on Sunday, but the final score flattered the Irish hosts.

Kevin Nolan, the Ireland fullback, scored two tries. Conor McGuinness, Kevin Maggs and Victor Costello also crossed the line.

But although the Irish dominated possession, their defense often creaked in the face of some determined Canadian drives.

INTERNATIONAL RUGBY

Canadian hooker Mark Cardinal powered over from a line-out to score the visitors' sole try in the 46th minute, adding to Gareth Rees's two successful first-half penalties.

England 11, South Africa 29 A brilliant individual try from Andre Snyman inspired South Africa to victory over England at Twickenham on Saturday.

With South Africa trailing 11-7 some 12 minutes into the second half, Snyman, a center, dummied to his left, cut through the England back line and sprinted 40 meters to score, side-stepping England fullback Matt Perry on the way.

Five minutes later, Mark Andrews, a South African lock forward, crashed over for the Springboks' third try in the left-hand corner. Scrumhalf Werner Swanepoel added another try two minutes from the end as South Africa put England under intense pressure in the final quarter.

Wales 7, New Zealand 42 New Zealand produced another scintillating performance of high-speed rugby to crush Wales in a test at Wembley, London, on Saturday.

Fullback Christian Cullen scored three tries. Taine Randell and Justin Marshall scored a try each.

Andrew Mehrtens kicked 14 points, and Zinzan Brooke finished things off with a drop goal.

Wales replied with a converted Nigel Walker try.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	Pct	GB
New Jersey	3	0	1.000	—
Miami	3	1	.750	½
New York	3	1	.750	½
Washington	2	2	.500	1½
Boston	1	3	.250	2½
Orlando	1	3	.250	2½
Philadelphia	0	4	.000	3½

CENTRAL DIVISION

	W	L	Pct	GB
Atlanta	4	0	1.000	—
Chicago	3	1	.750	1
Milwaukee	3	1	.750	1
Charlotte	2	2	.500	2
Detroit	2	2	.500	2
Indiana	2	2	.500	2
Cleveland	1	2	.333	2½
Toronto	1	3	.250	3

WESTERN CONFERENCE

MIDWEST DIVISION

	W	L	Pct	GB
Dallas	3	1	.750	—
Houston	3	1	.750	—
San Antonio	3	1	.750	—
Minnesota	2	1	.667	½
Utah	1	3	.250	2
Vancouver	1	3	.250	2
Denver	0	3	.000	2½

PACIFIC DIVISION

	W	L	Pct	GB
L.A. Lakers	2	0	1.000	—
Seattle	3	1	.750	—
Phoenix	2	1	.667	½
Portland	2	1	.667	½
L.A. Clippers	0	3	.000	2½
Sacramento	0	3	.000	2½
Golden State	0	4	.000	3

FRIDAY'S RESULTS

Phoenix 22 27 38 21 12—112
Boston 27 23 23 27 8—108
P:Robinson 11-15 3-8 26, Chapman 9-15 2-2 24; B:Walker 11-25 2-5 27, Mercer 12-21 2-2 26. Rebounds—Phoenix 57 (Manning 7), Boston 47 (Walker 11). Assists—Phoenix 32 (Kidd 10), Boston 26 (Barros 9).
L.A. Lakers 26 26 14 27— 95
Philadelphia 26 25 24 30—105
L:Campbell 5-10 9-12 19, Bryant 7-11 2-5 19; P:Iverson 12-21 6-7 31, Jackson 5-12 6-6 16. Rebounds—L.A. Lakers 35 (Horry 9), Philadelphia 51 (Montross 12). Assists—L.A. Lakers 27 (Van Exel 6), Philadelphia 27 (Iverson 8).
Milwaukee 29 26 28 16— 90
Orlando 28 26 22 18— 94
M:Robinson 10-22 8-8 29, Allen 5-17 4-4 16; O:Price 7-11 4-4 22, Hardaway 6-16 7-8 19. Rebounds—Milwaukee 48 (Hill, Long 8), Orlando 51 (Seikaly 11). Assists—Milwaukee 14 (Robinson, Brandon 4), Orlando 21 (Hardaway 8).
Cleveland 30 18 23 26— 97
Charlotte 19 38 18 24— 91
C:Person 14-23 2-4 33, Ilgauskas 6-9 3-7 15; Ch: Wesley 6-12 2-4 17, Phills 7-15 3-3 17. Rebounds—Cleveland 51 (Kemp 11), Charlotte 50 (Mason 12). Assists—Cleveland 27 (Anderson 14), Charlotte 23 (Wesley 6).
Chicago 20 22 22 19— 83
Indiana 15 26 28 25— 94
C:Jordan 11-26 4-8 26, Longley 6-12 2-2 14; I:Miller 9-19 4-6 24, Smits 8-19 2-2 18. Rebounds—Chicago 56 (Rodman 11), Indiana 62 (A.Davis 12). Assists—Chicago 17 (Kukoc 4), Indiana 20 (Miller, Best 5).
New York 28 19 20 12— 78
Detroit 19 18 26 23— 86
N.Y.: Ewing 8-22 11-14 27, Bu.Williams 3-4 7-8 13; D:Br.Williams 12-22 2-2 26, Hill 6-13 12-16 24. Rebounds—New York 47 (Bu.Williams 12), Detroit 53 (Br.Williams 14). Assists—New York 16 (Ward 6), Detroit 19 (Hill 7).
Toronto 24 20 31 16— 91
Dallas 21 21 31 20— 93
T:Christie 11-21 2-3 27, Wallace 10-22 1-4 21; D:Scott 8-19 0-0 21, Finley 6-13 1-2 15. Rebounds—Toronto 62 (Wallace 10), Dallas 54 (Green 14). Assists—Toronto 17 (Stoudamire 6), Dallas 24 (Reeves 6).
Minnesota 20 21 16 27— 84
Denver 17 19 30 29— 95
M:Gugliotta 7-12 4-4 18, Marbury 5-16 6-9 16; D:Newman 6-13 18-21 31, Jackson 5-14 3-4 14. Rebounds—Minnesota 52 (Gugliotta 12), Denver 61 (Garrett 16). Assists—Minnesota 17 (Marbury 8), Denver 12 (Jackson 5).
Golden State 21 10 35 16— 82
Utah 37 22 29 23—111
V:Sprewell 11-29 6-7 30, Marshall 7-12 1-1 15; U:Malone 6-10 9-12 21, Foster 7-11 3-3 18. Rebounds—Golden State 43 (Marshall 7), Utah 64 (Ostertag 10). Assists—Golden State 17 (Coles 4), Utah 36 (J.Vaughn 8).
Houston 19 28 26 25— 98
Portland 23 23 25 18— 89
H:Drexler 9-20 4-5 24, Johnson 6-12 7-8 21; P:Johnson 6-12 7-8 21, Grant 5-7 5-6 15. Rebounds—Houston 48 (Barkley 13), Portland 52 (Sabonis 13). Assists—Houston 21 (Price 5), Portland 21 (Sabonis, Rider 5).
Sacramento 31 22 18 24— 96
Seattle 27 29 35 22—113
S:Richmond 8-18 3-6 21, Funderburke 6-11 4-7 16; S:Baker 9-18 3-6 21, Schrempf 7-13 3-3 18. Rebounds—Sacramento 54 (Funderburke 10), Seattle 45 (Baker 10). Assists—Sacramento 23 (Dehere 6), Seattle 32 (Payton 14).
New Jersey 27 29 19 29—104
L.A. Clippers 27 23 21 21— 92
N.J.:Kittles 9-17 6-6 25, Cassell 10-22 5-5 25; L.A.:Barry 5-11 4-5 16, Taylor 6-11 3-4 15. Rebounds—New Jersey 51 (Williams, Gatling 7), Los Angeles 47 (Barry 7). Assists—New Jersey 16 (Cassell 9), Los Angeles 16 (Barry 5).

SATURDAY'S RESULTS

Phoenix 10 17 24 29— 80
New York 22 26 20 33—102
P:McDyess 4-7 2-3 10, J.Williams 5-7 0-0 10; N.Y.: Starks 9-18 4-4 22, Ewing 7-16 7-9 21. Houston 7-13 6-6 21. Rebounds—Phoenix 43 (McCloud 9), New York 58 (Ewing 11). Assists—Phoenix 22 (Kidd 11), New York 25 (Childs 6). Total fouls—Phoenix 19
New York 18. Technicals—Bryant, Phoenix illegal defense. A—19
763 (19
763). —
Chicago 18 31 21 18— 88
Washington 33 14 19 17— 83
C: Jordan 10-21 8-12 29, Kukoc 6-15 0-0 15; W:Webber 10-22 1-2 21, Howard 10-23 2-4 22. Rebounds—Chicago 61 (Harper 10), Washington 51 (Howard 11). Assists—Chicago 15 (Harper 7), Washington 24 (Strickland 13).
Milwaukee 26 23 19 25— 93
Miami 38 20 16 13— 87
M:Allen 8-18 5-5 24, Brandon 8-13 3-3 19; M: Rebounds—Milwaukee 48 (Johnson 10), Miami 38 (Austin 10). Assists—Milwaukee 16 (Brandon 5), Miami 11 (Hardaway 5).
Charlotte 14 20 24 22— 80
Atlanta 24 20 27 27— 98
C: Mason 3-8 3-4 9, Divac 3-8 3-6 9; A:Smith 7-17 7-8 23, Laettner 9-13 2-2 20. Rebounds—Charlotte 52 (Geiger 8), Atlanta 54 (Mutombo 14). Assists—Charlotte 11 (Mason 3), Atlanta 17 (Blaylock 9).
Boston 31 17 21 28— 97
Cleveland 26 24 22 31—103
B:Walker 9-29 4-5 24, McCarty 6-9 1-3 15; C:Kemp 6-9 6-9 18, Ilgauskas 4-5 8-8 16. Rebounds—Boston 34 (Walker 7), Cleveland 48 (Kemp 11). Assists—Boston 21 (Edney 7), Cleveland 22 (Anderson 9).
Vancouver 18 20 32 25— 87
Minnesota 28 34 16 28—106
V:Daniels 6-10 3-6 16, Chilcutt 4-7 3-4 12; M:Gugliotta 9-16 5-6 23, Carr 8-12 0-0 17. Rebounds—Vancouver 49 (Reeves 8), Minnesota 56 (Garnett, Gugliotta 10). Assists—Vancouver 23 (Daniels 7), Minnesota 29 (Marbury 11).
Dallas 19 22 18 28— 87
San Antonio 27 20 31 24— 96
D:Finley 13-23 5-6 35, Scott 5-17 5-7 16; S.A.:Robinson 7-12 4-4 18, Duncan 7-12 3-4 17. Rebounds—Dallas 44 (Finley 9), San Antonio 51 (Duncan 14). Assists—Dallas 15 (Reeves, Scott 4), San Antonio 24 (Johnson 6).
Utah 25 23 22 24— 94
L.A. Clippers 26 23 21 21— 91
U:Malone 17-29 8-10 42, Hornacek 5-12 5-6 17; L.A.:Piatkowski 7-17 4-5 20, Rogers 8-14 2-2 19. Rebounds—Utah 58 (Malone 18), Los Angeles 49 (Piatkowski 13). Assists—Utah 21 (Hornacek 7), Los Angeles 18 (Richardson 8).
Houston 21 26 26 34—107
Golden State 25 28 14 33—100
H:Barkley 15-20 12-14 43, Drexler 3-13 10-11 17; V:Marshall 8-12 5-7 24, Sprewell 8-20 5-6 22. Rebounds—Houston 47 (Barkley 15), Golden State 58 (Marshall 17). Assists—Houston 17 (Drexler 5), Golden State 22 (Bogues 7).

Leading College Scores

BIG ISLAND INVITATIONAL

SEMIFINALS

Butler 73, Pacific 67, OT
Stanford 70, Valparaiso 65

GREAT ALASKA SHOOTOUT

FINAL

North Carolina 73, Purdue 69

THIRD PLACE

Massachusetts 73, Seton Hall 60

FIFTH PLACE

UCLA 86, Ala.-Birmingham 72

PUERTO RICO SHOOTOUT

FINAL

Georgia Tech 73, Louisville 69

THIRD PLACE

St. John's 83, Illinois 66

FIFTH PLACE

Hofstra 64, American U., P.R. 59

SEVENTH PLACE

Alabama 60, Wichita St. 58

SPARTAN COCA-COLA CLASSIC

FINAL

Michigan St. 70, Gonzaga 68

OTHER GAMES:

Arizona 97, North Carolina-Asheville 69
Kentucky 76, Clemson 61
New Mexico 86, San Jose State 57
Fresno State 6, Arkansas 6
Iowa 101, Long Island University 69
Utah 83, UC Irvine 45
Oklahoma 75, Wisconsin 64
Louisville 69, Georgia Tech 73

ICE HOCKEY

NHL Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	T	Pts	GF	GA
New Jersey	17	8	0	34	73	46
Philadelphia	15	8	4	34	79	62
Washington	13	10	4	30	80	71
N.Y. Islanders	11	11	4	26	70	70
N.Y. Rangers	8	11	8	24	70	75
Florida	8	13	4	20	60	76
Tampa Bay	4	17	4	12	50	86

NORTHEAST DIVISION

	W	L	T	Pts	GF	GA
Montreal	15	9	3	33	85	67
Pittsburgh	14	9	5	33	82	71
Boston	11	11	5	27	66	75
Carolina	10	13	4	24	72	76
Ottawa	10	13	4	24	68	68
Buffalo	7	12	5	19	63	73

WESTERN CONFERENCE

CENTRAL DIVISION

	W	L	T	Pts	GF	GA
Dallas	18	7	4	40	95	65
Detroit	17	6	4	38	90	60
St. Louis	15	9	3	33	78	61
Phoenix	12	11	2	26	73	71
Chicago	10	13	4	24	59	69
Toronto	8	13	3	19	47	67

PACIFIC DIVISION

	W	L	T	Pts	GF	GA
Colorado	13	6	8	34	80	68
Los Angeles	12	9	5	29	85	71
Anaheim	11	12	5	27	65	76
Vancouver	9	14	3	21	74	87
San Jose	9	16	2	20	70	82
Edmonton	7	13	6	20	58	81
Calgary	5	15	7	17	67	85

FRIDAY'S RESULTS

Vancouver 2 2 1—5
Boston 1 1 0—2
First Period— 1, V-Noonan 6 (McAllister) 2, V-Bure 12 (Mogilny, Lumme) 3, B-Donato 12 (Allison, Bourque) (pp). Second Period: V-Staios 3 (Scatchard) 5, B-Heinz 2 (Bourque, Van Impe) (pp). 6, V-, Messier 9 (Bure, Mogilny) (pp). Third Period: V-Bure 13 (Hedican) (en). Shots on goal: V- 8-7-10—25. B- 15-9-9—33. Goalies: V-McLean. B-Dafoe.
N.Y. Islanders 0 0 1—1
Philadelphia 0 1 3—4
First Period: None. Second Period: P-LeClair 19 (Zubrus, Lindros) Third Period: New York, Berard 8 (Chorske, Bertuzzi) 3, P-LeClair 20 (Lindros) (pp). 4, P-, Gratton 5 (Brind'Amour) 5, P-Gratton 6 (Brind'Amour, Falloon) Shots on goal: New York 6-14-8—28. P- 9-12-15—36. Goalies: New York, Salo. P-Hextall, Snow.
Colorado 1 2 0—3
Florida 0 0 2—2
First Period: C-Kamensky 9 (Ozolinsh, Forsberg). Second Period: C-Kamensky 10 (Forsberg, Ozolinsh) (pp). 3, C-Sakic 14 (Forsberg, Messier) (pp). Third Period: F-Gagner 11 (Muller, Nemirovsky) (pp). 5, F-Jovanovski 3 (Gagner) Shots on goal: C- 11-10-7—28. F- 8-7-10—25. Goalies: C-Roy. F-Fitzpatrick.
Tampa Bay 0 0 0—0
Carolina 0 0 2—2
First Period: None. Second Period: None. Third Period: Carolina, Kapanen 12 (Roberts, Leschyshyn). 2, Carolina, Kapanen 13 (Primeau, Roberts) Shots on goal: T- 10-10-8—28. Carolina 8-3-6—17. Goalies: T-Schwab. Carolina, Burke.
N.Y. Rangers 2 0 1 0—3
Buffalo 1 1 1 0—3
First Period: New York, Sweeney 6 (LaFontaine). 2, New York, LaFontaine 15 (Lidster) 3, B-Zhitnik 4 (Woolley, Holzinger) (pp). Second Period: B-Plante 5 (Satan, Grosek) Third Period: New York, Gretzky 8 (Sundstrom) 6, B-Audette 6 (Shannon, Brown) Overtime: None. Shots on goal: N.Y.- 8-9-11-2—30. B- 4-8-7-4—23. Goalies: N.Y.-Richter. B-Hasek.
Montreal 0 0 0—0
Detroit 0 1 1—2
First Period: None. Second Period: D-Shanahan 12 (Eriksson, Larionov) Third Period: D-Lapointe 6 (Brown, Eriksson) Shots on goal: M- 7-5-9—21. D- 11-8-11—30. Goalies: M-Moog. D-Osgood.
Anaheim 1 2 0—3
Edmonton 0 0 1—1
First Period: A-Selanne 21 (Young, Daigneault) (pp). Second Period: A-Sacco 2, (sh). 3, A-, Stevenson 2 (Cullen, Selanne) Third Period: E-McGillis 5. Shots on goal: A- 7-5-3—15. E- 10-8-15—33. Goalies: A-Hebert. E-Joseph.
New Jersey 1 3 0—4
San Jose 2 0 0—2
First Period: S.J.-Friesen 11 (Sturm, Ragnarsson) 2, S.J.-Sturm 5 (Friesen) (pp). 3, N.J.-Holik 12 (Niedermayer, Guerin) (pp). Second Period: N.J.-Guerin 1 (Niedermayer, Bombardir) 5, N.J.-Sykora 10 (Andreychuk) 6, N.J.-, Holik 13 (Odelein, Elias) Third Period: None. Shots on goal: N.J.- 7-7-7—21. S.J.- 4-6-6—16. Goalies: N.J.-Brodeur. S.J.-Vernon.

SATURDAY'S RESULTS

Anaheim 1 1 0 0—2
Calgary 0 0 2 1—3
First Period: A-Selanne 22 (Sandstrom, Rucchin) Second Period: A-Selanne 23, Third Period: C-Nylander 7 (Allison, Fleury) 4, C-Fleury 8, (sh). Overtime: 5, C-McCarthy 3 (Stillman, McInnis) Shots on goal: A- 7-5-7-1—20. C- 3-10-8-2—23. Goalies: A-Shtalenkov. C-Tabaracci.
New Jersey 0 1 0—1
Los Angeles 1 1 2—4
First Period: L.A.-Tsyplakov 7 (Perreault) Second Period: N.J.-Andreychuk 3 (Gilmour, Niedermayer) (pp). 3, L.A.-Robitaille 13 (Stumpel, Blake) (pp). Third Period: L.A.-Perreault 15 (Murray, Tsyplakov) 5, L.A.-LaPerriere 4 (Murray, Bylsma) Shots on goal: N.J.- 5-8-7—20. L.A.- 10-9-7—26. Goalies: N.J.-Brodeur. L.A.-Fiset.
Vancouver 0 2 2—4
Toronto 2 0 0—2
First Period: T-Korolev 8 (Schneider, D.King) 2, T-Clark 5 (Johnson, Schneider) Second Period: V-Brashear 2 (Ledyard, Scatchard) 4, V-Ohlund 2 (Sillinger, Brashear) Third Period: V-Messier 10 (Naslund, Hedican) (pp). 6, V-Bure 14, (sh). Shots on goal: V- 9-7-7—23. T- 12-8-11—31. Goalies: V-McLean, Irbe. T-Potvin.
Phoenix 0 1 1—2
Dallas 2 1 2—5
First Period: D-Langenbrunner 11 (Sydor, Zubov) (pp). 2, D-Modano 14 (Sydor, Zubov) (pp). Second Period: D-Modano 15 (Langenbrunner, Lehtinen) (pp). 4, Phoenix, Roenick 9 (Tocchet) Third Period: D-Verbeek 10 (Hogue, Nieuwendyk) 6, Phoenix, Roenick 10 (Ylonen, Numminen) 7, D-, Langenbrunner 12 (Modano) (en). Shots on goal: Phoenix 11-6-9—26. D- 11-13-7—31. Goalies: Phoenix, Waite. D-Belfour.
Chicago 1 1 1—3
Ottawa 1 0 1—2
First Period: O-Yashin 9 (Cunneyworth) 2, C-Johnson 7 (Chelios, Zhamnov) (pp). Second Period: C-Amonte 10, (sh). Third Period: C-Johnson 8 (Amonte) 5, O-, Yashin 10 (McEachern, Phillips) Shots on goal: C- 16-4-10—28. O- 4-11-8—25. Goalies: C-Hackett. O-Tugnutt.
Montreal 1 1 1—3
Pittsburgh 2 3 1—6
First Period: P-Hatcher 7 (Barnes, Francis) (pp). 2, P-Straka 7 (Hatcher) (sh). 3, M-, Stevenson 2 (Corson, Thornton) (pp). Second Period: P-Barnes 7 (Jagr, Francis) (pp). 5, P-Lang 1 (Brown) 6, M-Koivu 7 (Bure, Corson) (pp). 7, P-Lang 2 (Olausson, Straka) (pp). Third Period: P-Jagr 10 (Francis, Hatcher) 9, M-Savage 6 (Quintal) Shots on goal: M- 7-12-3—22. P- 7-13-7—27. Goalies: M-Moog, Thibault. P-Barrasso, Skudra.
Philadelphia 1 2 0 0—3
Tampa Bay 1 1 1 0—3
First Period: T-Vukota 1 (Vujtek, Anderson) 2, P-Richardson 1 (Gratton, Prospal) (pp). Second Period: P-Zubrus 5 (LeClair). 4, Tampa Bay, Hamrlik 2 (Ysebaert, Selivanov) (pp). 5, P-, Podein 5 (Otto, Klatt) Third Period: T-Zamuner 9 (Ulanov, Dykhuis). Overtime: None. Shots on goal: P- 15-8-5-7—35. T- 2-10-13-1—26. Goalies: P-Snow. T-Puppa.
Colorado 0 0 3—3
Carolina 2 0 0—2
First Period: Carolina, Roberts 6 (Hill) (pp). 2, Carolina, Chiasson 3. Second Period: None. Third Period: C-Ozolinsh 2 (Sakic, Forsberg) (pp). 4, C-Krupp 3 (Forsberg) 5, C-Deadmarsh 7 (Ozolinsh, Lemieux) (pp). Shots on goal: C- 10-13-13—36. Carolina 12-10-10—32. Goalies: C-Roy. Carolina, Kidd.
St. Louis 0 0 2—2
N.Y. Islanders 3 0 1—4
First Period: New York, Nemchinov 3 (Chorske) 2, New York, Berard 9 (Palffy) 3, New York, Green 9 (Palffy, Reichel) (pp). Second Period: None. Third Period: S.L.-Hull 13 (Turgeon, MacInnis) (pp). 5, S.L.-Campbell 6 (Demitra, Rivers) 6, New York, Nemchinov 4 (Lapointe, Chorske) (en). Shots on goal: S.L.- 9-7-19—36. New York 12-5-3—20. Goalies: S.L.-McLennan 3-3-0. New York, Fichaud.
Washington 1 0 0 0—1
Boston 0 0 1 0—1
First Period: W-Bondra 19 (Oates) Second Period: None. Third Period: B-Taylor 9 (Axelsson, DiMaio) Overtime: None. Penalties—None. Shots on goal: W- 7-14-1-3—25. B- 8-10-12-4—34. Goalies: W-Kolzig. B-Dafoe.

FOOTBALL

Leading College Scores

EAST

Delaware 24, Hofstra 14
New Haven 49, Slippery Rock 21
Rowan 13, College of N.J. 7
Villanova 49, Colgate 28

SOUTH

Carson-Newman 23, Albany, Ga. 22
Georgia 27, Georgia Tech 24
Georgia Southern 52, Florida A&M 37
McNeese St. 19, Montana 14
Mississippi 15, Mississippi St. 14
Southern U. 30, Grambling St. 7
Syracuse 33, Miami 13
Tennessee 17, Vanderbilt 10
Virginia 34, Virginia Tech 20
W. Kentucky 42, E. Kentucky 14

MIDWEST

Michigan St. 49, Penn St. 14
Mount Union 59, John Carroll 7
N. Colorado 35, NW Missouri St. 19
Olivet Nazarene 56, Mid-Am Nazarene 42
Simpson, Iowa 61, Augsburg 21
W. Illinois 31, Jackson St. 24
Youngstown St. 28, Hampton U. 13

SOUTHWEST

UC Davis 50, Angelo St. 33

FAR WEST

E. Washington 40, NW Louisiana 10

CRICKET

PAKISTAN VS. WEST INDIES

SECOND TEST, 2D DAY

SUNDAY, IN RAWALPINDI, PAKISTAN

Pakistan 122-2.
West Indies (303).

NEW ZEALAND VS. AUSTRALIA

THIRD TEST, 4TH DAY

SUNDAY, IN HOBART, AUSTRALIA

New Zealand declares at 251-6.
Australia 400 all out.

RUGBY

NEW ZEALAND TOUR

TEST ON SATURDAY IN ENGLAND

New Zealand 42, Wales 7

SOUTH AFRICA TOUR

TEST ON SATURDAY IN ENGLAND

South Africa 29, England 11

SKIING

World Cup

WOMEN'S PARALLEL SLALOM

FRIDAY IN MAMMOTH MOUNTAIN, CALIF.

SEMI-FINALS: Ertl def. Meissnitzer by 0.312 seconds; Gerg def. Seizinger, 0.357.
THIRD PLACE FINAL: Meissnitzer def. Seizinger, 0.104.
FINAL: Gerg def. Ertl, 0.015.

WOMEN'S SUPER G SLALOM

SATURDAY IN MAMMOTH MOUNTAIN CALIF.

Leading results: 1. Katja Seizinger, Germany, 1:13.23; 2. Isolde Kostner, Italy, 1:13.87; 3. Katarina Gutensohn, Germany, 1:13.89; 4. Renate Goetschel, Austria, 1:14.68; 5. Hilde Gerg, Germany, 1:14.72; 6. Warwara Zelenskaja, Russia, 1:14.73; 7. Regina Haeusl, Germany, 1:14.74; 8. Martina Ertl, Germany, 1:14.80; 9. Svetlana Gladishiva, Russia, 1:14.90; 10. Alexandra Meissnitzer, Austria, 1:15.03.

SUPER G STANDINGS: 1. Katja Seizinger, Germany, 100 points; 2. Isolde Kostner, Italy, 80; 3. Katarina Gutensohn, Germany, 60; 4. Renate Goetschel, Austria, 50; 5. Hilde Gerg, Germany, 45; 6. Warwara Zelenskaja, Russia, 40; 7. Regina Haeusl, Germany, 36; 8. Martina Ertl, Germany, 32; 9. Svetlana Gladishiva, Russia, 29; 10. Alexandra Meissnitzer, Austria, 26

OVERALL STANDINGS: 1. Martina Ertl, Germany, 304 points; 2= Deborah Compagnoni, Italy, 243; 2= Katja Seizinger, Germany, 243 4. Alexandra Meissnitzer, Austria, 242; 5. Hilde Gerg, Germany, 238; 6. Ylva Nowen, Sweden, 233; 7. Leila Piccard, France, 181; 8. Isolde Kostner, Italy, 167; 9. Karin Roten, Switzerland, 115; 10. Andrine Flemmen, Norway, 108.

SOCCER

World Cup

ASIA/OCEANIA ZONES PLAY-OFF

RETURN LEG IN MELBOURNE, AUSTRALIA

Australia 2, Iran 2.
Iran won on away goals after the aggregate score was tied at 3-3.

GERMAN FIRST DIVISION

Kaiserslautern 2, Hamburg SV 1
Arminia Bielefeld 1, Schalke 04 1
TSV 1860 Munich 0, VfL Bochum 2
Werder Bremen 2, VfB Stuttgart 2
Borussia Moenchengladbach 0, VfL Wolfsburg 2
Karlsruhe SC 3, Hansa Rostock 0
MSV Duisburg 0, Hertha Berlin 1

STANDINGS: Kaiserslautern 39, Bayern Munich 35, VfB Stuttgart 29, Schalke 04 29, Bayer Leverkusen 26, Hansa Rostock 24, MSV Duisburg 23, VfL Wolfsburg 23, Hertha Berlin 22, Werder Bremen 22, Borussia Dortmund 21, Karlsruhe SC 20, TSV 1860 Munich 20, Arminia Bielefeld 19, Hamburg SV 19, Borussia Moenchengladbach 18, VfL Bochum 16, Cologne 16.

ENGLISH PREMIER LEAGUE

Manchester United 4, Blackburn 0
Arsenal 0, Liverpool 1
Barnsley 2, Leeds United 3
Bolton Wanderers 1, Wimbledon 0
Chelsea 4, Derby County 0
Coventry City 0, Leicester City 2
Crystal Palace 1, Newcastle United 2
Everton 0, Tottenham Hotspur 2
Southampton 2, Sheffield Wednesday 3
West Ham United 2, Aston Villa 1

STANDINGS: Manchester United 34; Chelsea 31; Blackburn 30; Leeds 29; Arsenal 27; Leicester 26; Newcastle 24; Derby 23; Liverpool 25; Wimbledon 19; West Ham 19; Aston Villa 18; Sheffield Wednesday 18; Coventry 17; Southampton 16; Tottenham 16; Bolton 16; Barnsley 13; Everton 12.

FRENCH FIRST DIVISION

Chateauroux 0, Monaco 2
Toulouse 1, Cannes 0
Nantes 1, Marseille 0
Montpellier 1, Le Havre 1
Lens 3, Strasbourg 2
Guingamp 0, Bastia 0
Lyon 3, Rennes 1

STANDINGS: Monaco 35; Metz 34; Marseille 33; PSG 31; Lens 31; Bordeaux 30; Bastia 27; Auxerre 26; Lyon 26; Toulouse 23; Montpellier 22; Nantes 20; Guingamp 20; Strasbourg 18; Chateauroux 18; Le Havre 16; Rennes 14

ITALIAN FIRST DIVISION

Atalanta Bergamo 0, Lecce 0
Bari 2, Brescia 1
Bologna 2, Sampdoria 2
Empoli 2, Piacenza 3
Lazio 2, Udinese 3
Napoli 1, Fiorentina 1
Parma 0, Roma 2
Vicenza 1, Inter Milan 3

STANDINGS: Inter Milan 26; Juventus 21; AS Roma 19; Udinese 19; Parma 18; Lazio 18; Sampdoria 15; Vicenza 15; Fiorentina 13; AC Milan 12; Atalanta 11; Empoli 10; Brescia 10; Bari 10; Lecce 10; Bologna 8; Piacenza 7; Napoli 5.

SPANISH FIRST DIVISION

Sporting Gijon 2, Real Betis 3
Mallorca 0, Zaragoza 2
Racing de Santander 0, Oviedo 0
Real Madrid 3, Celta Vigo 1
Real Sociedad 5, Compostela 1
Valencia 0, Salamanca 1
Valladolid 3, Athletic Bilbao 0

STANDINGS: Real Madrid 31; Barcelona 28; Real Sociedad 26; Atletico Madrid 25; Espanyol 24; Celta Vigo 24; Oviedo 22; Mallorca 21; Real Zaragoza 20; Real Betis 20; Athletic Bilbao 19; Racing Santander 16; Merida 16; Compostela 14; Deportivo La Coruna 13; Valladolid 13; Tenerife 12; Valencia 11; Salamanca 10; Sporting Gijon 2

SCOTTISH PREMIER DIVISION

Celtic 3, Dundee United 0
Hibernian 1, Motherwell 1
Kilmarnock 2, Dunfermline Athletic 1
Rangers 3, St Johnstone 2

STANDINGS: Hearts 33; Rangers 32; Celtic 31; Dundee United 19; Dunfermline Athletic 19; St Johnstone 18; Kilmarnock 17; Hibernian 13; Motherwell 13; Aberdeen 11

TENNIS

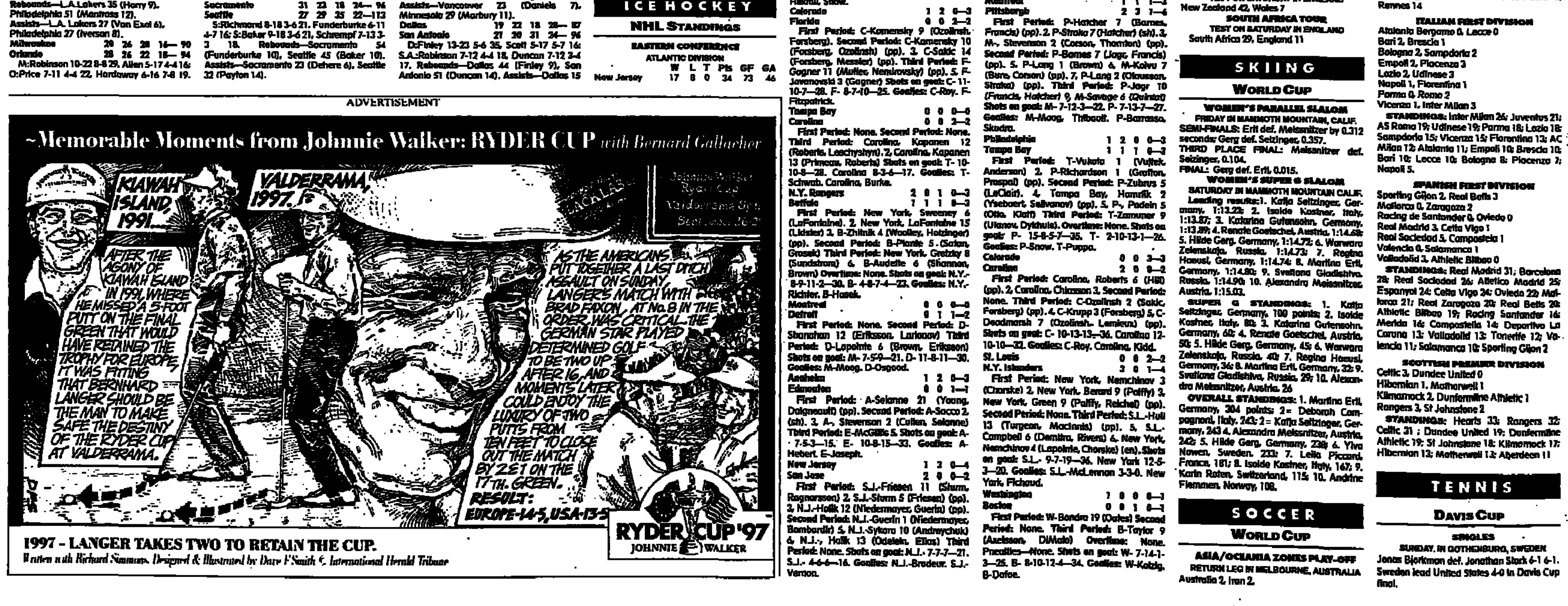
Davis Cup

SINGLES

SUNDAY, IN GOTHENBURG, SWEDEN

Jonas Bjorkman def. Jonathan Stark 6-1 6-1. Sweden lead United States 4-0 in Davis Cup final.

ADVERTISEMENT



1997 - LANGER TAKES TWO TO RETAIN THE CUP.
Written with Richard Simmons. Designed & Illustrated by Dave F Smith © International Herald Tribune

SPORTS

Tennessee Moves a Step Closer to the Orange Bowl

The Associated Press

This time, Peyton Manning will play in the Southeastern Conference title game instead of watching it on television.

"I've watched it every year and I've always been real envious of the two teams playing," said Manning, who threw for 159 yards and one TD and ran

College Football

for another in No. 3 Tennessee's 17-10 victory over Vanderbilt on Saturday.

The Volunteers (10-1, 7-1 SEC) barely made it. They struggled for the third straight year against the Commodores (3-8, 0-8). Tennessee won 14-7 last year and 12-7 in 1995, and Manning's TD pass was his first against Vandy. Jamal Lewis picked up the slack for Manning, running 37 times for 196 yards as the Vols beat the Commodores for the 15th straight time.

Manning was 12 of 27 for 159 yards with one TD and one interception. After the game in Knoxville, Tennessee, the Vols' seniors took a victory lap.

The Vols will play No. 13 Auburn (9-2, 6-2) on Saturday, needing a victory to move into the Orange Bowl on Jan. 2, where the likely opponent will be No. 2 Nebraska (11-0, 8-0 Big 12). The Huskers hung on for a 27-24 triumph over Colorado on Friday, and must beat No. 15 Texas A&M (9-2, 6-2) on Saturday to advance to Miami.

No. 4 Penn State (9-2, 6-2 Big Ten) knocked itself out of a bowl-alliance spot with a 49-14 loss at Michigan State. Michigan State's Sedrick Irvin ran for 238 yards and three TDs; Marc Renaud had 203 yards and a TD. The Nittany Lions appear headed for a Citrus Bowl berth against No. 7 Florida (9-2), while the Spartans (7-4) accepted an Aloha Bowl invite and could play Washington (7-4) or Southern California (6-5).

While No. 1 Michigan (11-0) is set to play No. 10 Washington State (10-1) in the Rose Bowl, the alliance lineup is far from set. Here are a few scenarios:

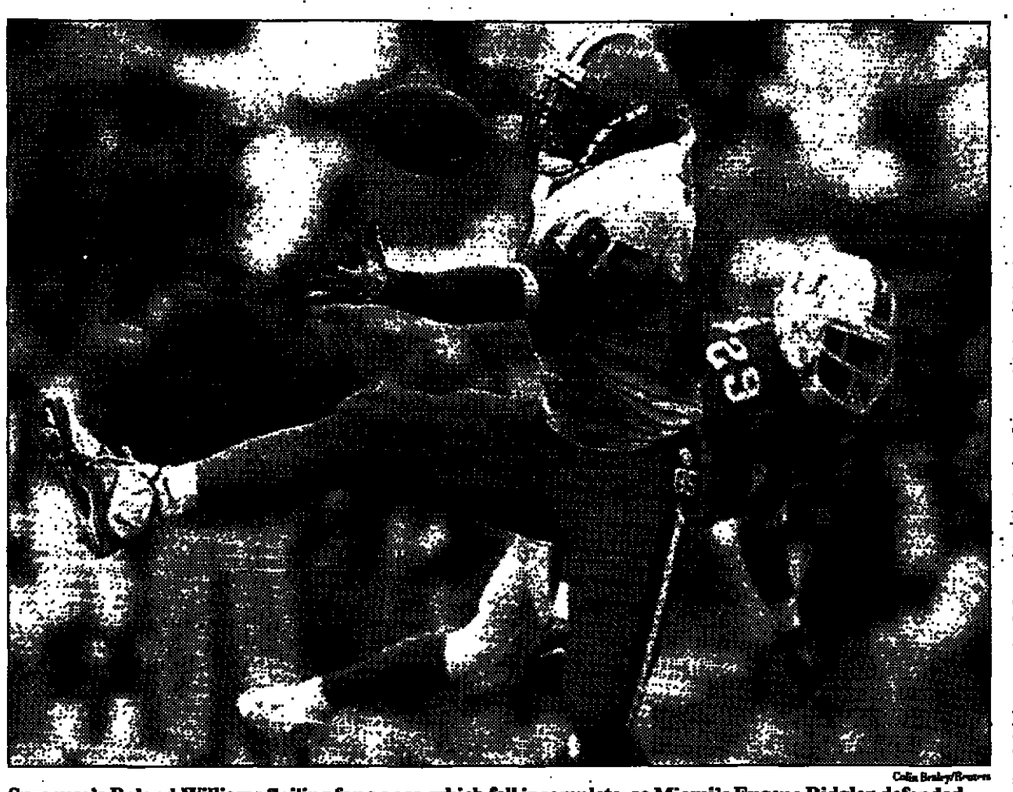
With victories in their conference title games, the Cornhuskers and Volunteers will play in the Orange.

The Sugar Bowl, with the third and fifth picks in the alliance, probably will go for No. 5 Florida State (10-1) against No. 9 Ohio State (10-2), while the Fiesta, with the fourth and sixth picks, might go for No. 11 Kansas State (10-1) against No. 16 Syracuse (9-3), which won the Big East and a guaranteed bowl berth by beating Miami on Saturday.

If the Huskers lose and the Vols win on Saturday, the possible lineup could look like this: Florida State vs. Tennessee in the Orange; Texas A&M vs. Ohio State in the Sugar, and Nebraska vs. Syracuse in the Fiesta.

If the Vols lose and the Huskers win, look for Nebraska vs. Florida State in the Orange; Ohio State vs. Auburn in the Sugar and Kansas State vs. Syracuse in the Fiesta.

• Texas fired its coach, John Mackovic, on Saturday, a day after the Longhorns (4-7) lost 27-16 to No. 15 Texas A&M. The Arkansas coach, Danny Ford, resigned under pressure, one day after the Razorbacks (4-7) lost, 31-21, to No. 17 Louisiana State.



Colin Braley/Reuters

Syracuse's Roland Williams flailing for a pass, which fell incomplete, as Miami's Eugene Ridgley defended.

Chiefs Lend Credibility To 49ers' Critics, 44-9

The Associated Press

Critics who said San Francisco built its club-record 11-game winning streak on a succession of softies may be right.

The Kansas City Chiefs dismantled the NFL's top-rated defense on Sunday, handing the 49ers a 44-9 loss for their worst regular-season defeat since a 45-3 loss to Detroit in 1967. The host Chiefs

NFL Roundup

(10-3), hoping to overtake Denver for the AFC West lead and perhaps the home field advantage in the AFC playoffs, stunned the favored 49ers (11-2) by taking a 28-6 halftime lead.

By not allowing a second-half touchdown for the eighth straight game, the Chiefs put an exclamation mark on the lopsided victory with a safety and a touchdown return of an interception in the final 8:31.

Rich Gannon threw three touchdown passes and Marcus Allen had another on a halfback option, the first time the Chiefs had four touchdowns passes in a game since December 1983 against San Diego.

The 49ers have failed to score a touchdown in a game only twice since 1991 — in both of this season's defeats. They fell in the opener at Tampa Bay, 13-6, and built their record largely on victories over the league's lesser teams.

The Chiefs, keeping the pressure on the Broncos, have an easier schedule than Denver, which was at San Diego on Sunday night. The Broncos must travel to Pittsburgh and San Francisco, while the Chiefs have two of their last three at home.

Kansas City led 14-3 after a 2-yard touchdown pass from Gannon to Tony Gonzalez. Gonzalez then swept past Zack Bronson on the right side to block a punt by Tommy Thompson and returned the ball 12 yards to the 3. Allen scored on the next play.

After Pellom McDaniels sacked Steve Young for a 9-yard loss a few minutes later, the Chiefs drove 57 yards. Allen, the short-yardage specialist, took a handoff and drifted right, then flipped a 1-yard touchdown pass to Ted Popson, playing his first game since suffering a concussion on Nov. 3.

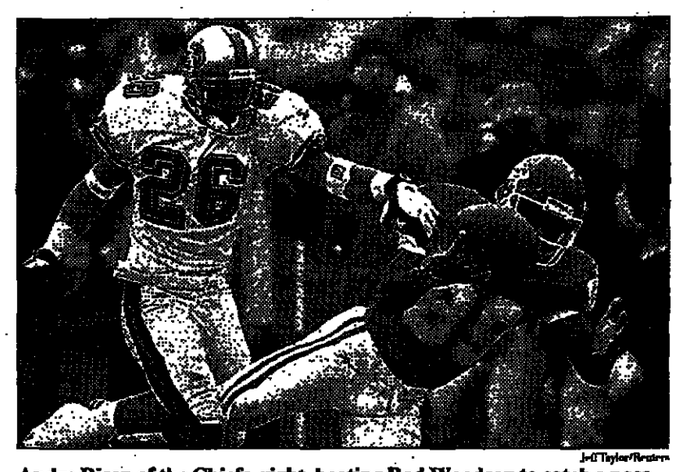
Allen's sixth career TD pass and second this season made it 28-3 with 26 seconds left in the half.

Patriots 20, Colts 17 Drew Bledsoe is finding his touchdown touch in time to lead another New England Patriots stretch run toward the playoffs.

He threw two scoring passes after going two games without one, and the Patriots held on for a 20-17 victory over the visiting Indianapolis Colts.

Jim Harbaugh's second scoring pass, an 11-yarder to Sean Dawkins with 1:08 left, cut the lead to three, but the Patriots recovered the onside kick and ran out the clock.

The Patriots (8-5), who have six victories against teams with losing records, moved into a tie for the AFC East lead with the New York Jets, who lost to Buffalo. But New England has no soft spots in its remaining games at Jacksonville, at home against Pittsburgh and at Miami.



Jeff Taylor/Reuters

Andre Rison of the Chiefs, right, beating Rod Woodson to catch a pass.

Tar Heels Edge Purdue in Alaska Tournament

The Associated Press

Shammond Williams made a 3-pointer with 1:24 left and sank two free throws with seven seconds remaining to give No. 4 North Carolina a 73-69 victory over No. 6 Purdue in the title game of the Great Alaska Shootout in Anchorage, Alaska.

Williams scored eight of the Tar Heels' final nine points Saturday as North Carolina overcame an 11-point deficit in the second half.

Antawn Jamison scored 23 points on 10-of-14 shooting and had nine rebounds. Williams also scored 23.

No. 7 UCLA 86, Alabama-Birmingham 72 Toby Bailey scored 14 of UCLA's final 16 points to lift the Bruins to a come-from-behind triumph in Anchorage.

Arkansas 70, No. 12 Fresno State 69 Tarik Wallace hit a crucial 3-pointer and Nick Davis provided the margin of victory with a free throw as Arkansas beat No. 12 Fresno State in the Premier Classic in Phoenix, Arizona.

No. 8 Kentucky 76, No. 13 Clemson 61 Wayne Turner started a 15-2 run with a baseline jump shot and had nine of his 17 points in the second half as Kentucky won in the Premier Classic.

Wisconsin 75, No. 18 Oklahoma 64 Duany Duany scored five of his 13 points during a 12-0 fourth-quarter run to lead Wisconsin to victory in a consolation game at the Big Island Invitational Tournament in Hilo, Hawaii.

Bulls Come Back to Mystify Wizards

The Associated Press

Michael Jordan scored 29 points and the Bulls rallied from a 17-point deficit to beat the Washington Wizards, 88-83, in the final NBA game to be played at the US Airways Arena in Landover, Maryland.

The Bulls led by three points in the fourth quarter before two straight baskets by Jason Caffey and a free throw by Jordan made it 80-72. After Chris

NBA Roundup

Webber scored for Washington, Toni Kukoc hit a 3-pointer for an 83-74 Bulls' lead with 3:48 left.

A sellout crowd of 18,756 on Saturday witnessed a halftime ceremony that featured 11 of the best players ever to wear a Washington uniform, and the lowering of the team's NBA championship banner from the 1977-78 season. The banner will be among those hung from the ceiling of the new MCI Center in downtown Washington, where the Wizards will begin play Tuesday night.

Washington went 576-369 in the arena originally named the Capital Centre, but is 0-5 at home this season and has lost seven of its last eight games.

The Bullets got 22 points from Juwan Howard and 21 from Chris Webber, who missed most of the first half with a cut eyelid he received when Jordan fouled him on a rebound. Rod Strickland had 15 points and 12 assists for Washington.

Knicks 102, Suns 80 The Knicks and their league-leading defense held visiting Phoenix to 45 points below their average for a road game. The Suns had just 10 points in the first quarter.

John Starks scored 22 points, including 14 in the second quarter, Patrick Ewing added 21 and Allan Houston had a season-high 21 for New York. The Knicks completed a sweep of the two-game season series between the clubs.

Bucks 93, Heat 87 Ray Allen scored 24 points and Terrell Brandon added 19 as Milwaukee snapped a 17-game losing streak against host Miami.



Roberto Borea/AP

The Wizards' Calbert Cheaney trying to guard the Bulls' Michael Jordan.

Hawks 98, Hornets 80 Steve Smith scored 23 points and Christian Laettner added 20 for host Atlanta.

Dikembe Mutombo grabbed 14 rebounds and Mookie Blaylock had nine assists as the Hawks improved to 13-2 overall and 8-1 at home.

Cavaliers 103, Celtics 97 Zydrunas Ilgauskas had 16 points and host Cleveland won a sloppy game marred by 51 turnovers and 54 fouls. Shawn Kemp had a triple-double — 18 points, 11 rebounds and 10 turnovers — as the Cavaliers won their fifth straight.

Timberwolves 106, Grizzlies 87 Tom Gugliotta scored 23 points and grabbed 10 rebounds as host Minnesota built a 34-point first-half lead and coasted.

Spurs 96, Mavericks 87 In San Antonio, Avery Johnson scored eight of his 16 points during a 31-15 third-quarter run for the Spurs. David Robinson scored 18 points and snatched 12 rebounds against an overmatched Samaki Walker.

Jazz 94, Clippers 91 Karl Malone's 10-foot jumper with 23 seconds remaining lifted visiting Utah. Malone scored 16 of his season-high 42 points in the fourth quarter and pulled down 18 rebounds.

Rockets 107, Warriors 100 Charles Barkley had 43 points and Houston scored 27 straight points late in the second period as host Golden State remained winless at home. Barkley had 15 of his points as the Rockets held Golden State scoreless for nearly nine minutes during a run that turned an 18-point deficit into a nine-point lead.

Avalanche Rolls With 3d-Period Rally

The Associated Press

Adam Deadmarsh scored on a power play with 6:35 left to cap a three-goal third-period rally as the Avalanche beat the Hurricanes, 3-2.

Colorado, as it has done many times this season, came from behind for the victory Saturday night. Deadmarsh, Sandis Ozolinsh and Uwe Krupp scored

NHL Roundup

goals in the final 11½ minutes to erase a 2-0 Carolina lead in a game that the home team had dominated until midway through the final period.

Bruins 1, Capitals 1 Tim Taylor scored at 9:19 of the third period as host Boston rallied to tie Washington. Taylor evened the game with his ninth goal on a backhander from the slot, as the Bruins rallied to salvage a draw for the fifth time this season.

Islanders 4, Blues 2 Eric Fichaud stopped 34 shots and Sergei Nemchinov had two goals as host New York beat St. Louis.

Trailing 3-0 in the final period, St. Louis got goals from Brett Hull and Jim Campbell. But Fichaud made several game-saving stops in the third period to preserve the victory for New York.

Flyers 3, Lightning 3 Rob Zamuner, selected earlier Saturday to the Canadian Olympic team, continued his potent play with a third-period goal to give host Tampa Bay a tie with Philadelphia.

Penguins 6, Canadiens 3 Robert Lang scored his first two goals of the season as Pittsburgh extended its unbeaten streak to seven games with a victory over visiting Montreal.

Blackhawks 3, Senators 2 Greg Johnson scored two goals to lift visiting Chicago over Ottawa.

Johnson's second goal of the game and eighth of the season gave Chicago a 3-1 lead with 3:03 left in the third period when he beat goaltender Ron Tugnutt off Tony Amonte's rebound.

Canucks 4, Maple Leafs 2 Mark Messier scored the winning goal just hours after being overlooked for the Canadian Olympic team and led Vancouver over host Toronto.

Messier took a pass from Markus Naslund on a power play three minutes into the third period and scored his 17th point in the last 14 games to put Vancouver ahead, 3-2.

Stars 5, Coyotes 2 Mike Modano had two of Dallas's three power-play goals as the host Stars beat Phoenix for their second victory in three nights over the Coyotes. Modano scored his 14th and 15th goals of the season and Jamie Langenbrunner scored his 11th, all on the power play.

Kings 4, Devils 1 Luc Robitaille scored the go-ahead goal on a second-period breakaway as host Los Angeles completed a two-game season sweep of New Jersey.

Flames 3, Mighty Ducks 2 Sandy McCarthy scored at 1:36 of overtime to cap host Calgary's rally from a two-goal deficit against Anaheim. McCarthy took a pass from Cory Stillman and snapped a wrist shot past Mikhail Shtalenkov.

Canada Omits Messier From Olympic Team

New York Times Service

OTTAWA — Wayne Gretzky will represent Canada at the Winter Olympics in Nagano, Japan, in February, but Mark Messier will not.

Gretzky was part of the 23-player roster picked by Bobby Clarke, the Team Canada general manager, and announced Saturday. The selections favor size and defense over speed.

The other forwards are Shayne Corson, Theoren Fleury, Rob Brind'Amour, Paul Kariya, Trevor Linden, Joe Nieuwendyk, Keith Primeau, Joe Sakic, Brendan Shanahan, Steve Yzerman, Rob Zamuner and Eric Lindros the captain. The defense is Rob Blake, Ray Bourque, Eric Desjardins, Adam Foote, Al MacInnis, Chris Pronger and Scott Stevens. The goalies are Martin Brodeur, Patrick Roy and Curtis Joseph.



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WORLD ROUNDUP

Norman Slips

GOLF Lee Westwood beat crowd favorite Greg Norman in a sudden-death playoff Sunday to win the Australian Open in Melbourne.

The 24-year-old Englishman held his nerve to take the title on the fourth extra hole.

Norman, striving to win his third Australian Open in succession, squandered a two-shot lead with two holes to play.

Norman carded a final-round 73 to finish the tournament tied with Westwood, who closed with a 72, at 14-under-par 274.

On the fourth playoff hole, Norman missed a putt for par from about one yard. *(Reuters)*

Lehman Wins Skins

GOLF Tom Lehman sank birdie putts of 22 and 10 feet on the final two holes at La Quinta, California, on Saturday to emerge as the big winner after the first day of the $600,000 Skins Game.

The two holes were worth five skins and $130,000 to Lehman. Tiger Woods won three skins worth $60,000 by knocking in a four-foot birdie putt on the third hole. Mark O'Meara earned $20,000 by taking the other skin with a birdie on the fourth.

David Duval, a late replacement for Fred Couples, was shut out on the first nine holes. The Skins Game was to conclude with nine holes Sunday. *(AP)*

• Nick Price held off fellow Zimbabwean Mark McNulty on Sunday to win his second Zimbabwe Open in three years by two shots in Harare. *(Reuters)*



AP

Greg Norman hitting from the rough in Sunday's round.

Horne Hits Century

CRICKET Matthew Horne scored his first test century Sunday to shore up another wobbly New Zealand batting effort.

After Horne's disciplined 133 in the third test against Australia in Hobart, Tasmania, the tourists made a surprise declaration at 251 runs for six wickets half an hour before stumps on the fourth day. Australia was 14 without loss at the close and leads by 163.

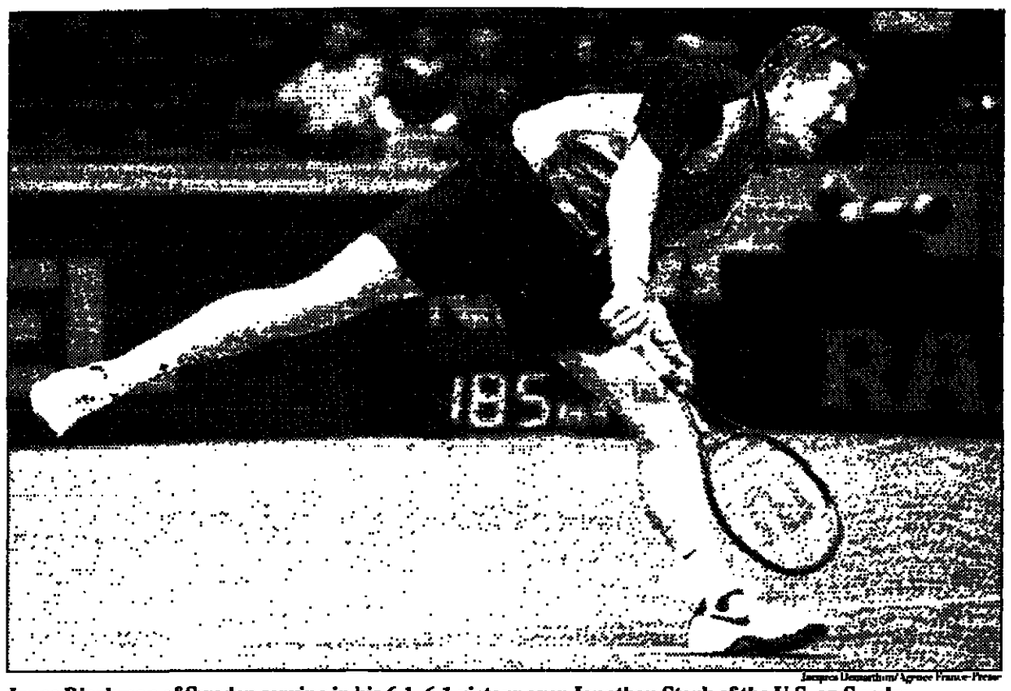
• Pakistan recovered from a poor start to reach 122 runs for two wickets Sunday in reply to West Indies' 303 in the second test in Rawalpindi.

• The second test between India and Sri Lanka was abandoned as a draw Sunday after rain washed out the final day's play. *(Reuters)*

Newest Japanese Signing

BASEBALL The Boston Red Sox on Sunday signed Kenichiro Kawabata, an 18-year-old Japanese high school outfielder, to a minor-league contract. He became the first Japanese player other than a pitcher to sign with a major league team. The contract reportedly is worth about $100,000.

Last week, the New York Mets signed Juei Ushiromatsu, also 18, a left-handed pitcher. *(AP)*



Jacques Demarthon/Agence France-Presse

Jonas Bjorkman of Sweden serving in his 6-1, 6-1 victory over Jonathan Stark of the U.S. on Sunday.

How Swede It Is: U.S. Trounced, 5-0

Bjorkman Shines in 3 Matches As Davis Cup Finds New Home

By Christopher Clarey
International Herald Tribune

GOTHENBURG, Sweden — It was slightly after 4 P.M. The sun had already dropped below the horizon here, but Jonas Bjorkman was rising.

The elastic, enthusiastic Swede with the bowed legs and bionic reflexes had just clinched his nation's sixth Davis Cup title with an ace, and now he was leaping toward the ceiling of the sold-out Scandinavium, free of pressure, free of the Americans and free of the shadow of any other Swedish tennis player.

This might have been Pete Sampras's year, but this was Bjorkman's long weekend, and as he celebrated on Saturday afternoon with his doubles partner Nicklas Kulti, Sampras was stretched out in his luxury hotel suite in a different part of Gothenburg with his torn left calf wrapped and elevated.

"The season is too long, way too long," Sampras said. "I've always felt that way, and I've told the tour. When you're sitting around today watching the Swedes win, it makes me think I should be out there healthy and playing. You get a little bit angry when you think about it."

Tennis historians never will know how this final would have unfolded if Sampras had not injured his calf and defaulted after two sets and three games against Magnus Larsson on Friday. All they will know is that Sweden won as convincingly as Davis Cup allows, and that in triumphing, 5-0, the Swedes became the first team to sweep the United States in a Cup tie since the 1973 final. That year, a pair of all-time greats from Australia, Rod Laver and John Newcombe, vented their frustration at being pointlessly excluded from previous Cups because they were contract professionals.

Despite Bjorkman's remarkable progress this year at age 25, it is safe to say that there are no all-time greats on this Swedish team. No Bjorn Borgs. No Mats Wilanders. No Stefan Edbergs. What these Swedes had was unity and camaraderie, two nouns frequently in short supply in the relentlessly individualistic microcosm of men's tennis.

If Sampras had been eager and at his peak, as he was against the Russians in the 1995 Davis Cup final, such synergy probably would not have been enough to maintain Gothenburg's reputation as a Davis Cup fun house bristling with nasty surprises for visiting Americans.

With Sampras in his hotel room, it was much more than enough.

"We have had a great team spirit for many years," said the now-retired Edberg, who came to Sweden for the final from his home in London, just as he had come to Sweden for the first three rounds in his first year of gilded retirement. "We've been brought up watching Davis Cup and Wimbledon on television. We believe in it, and we work hard for it, and we give it more priority than other nations do. It is just about sacrifice."

The Americans have not always made such sacrifices in recent years, losing early in Australia in 1993 and the Czech Republic in 1996 because their best players were more interested in chasing ranking points. But in this case, Captain Tom Gullikson had his strongest singles players willing and available — world No. 1 Sampras and world No. 3 Michael Chang — and still lost.

"It's very disappointing," Gullikson said. "I came here with the idea of exorcising all the ghosts of Gothenburg's past, and we have another nightmare."

The Americans were not the only would-be exorcists in this final. A year ago, in the less talismanic city of Malmo, the Swedes lost, 3-2, to the French in what was arguably the most extraordinary Davis Cup final in history: a final in which Kulti squandered three match points in the fifth set of the decisive rubber in relief of the injured Edberg.

"It seems like me and the boys were determined to take the Cup this year," said Carl-Axel Hageskog, Sweden's captain.

None more than Bjorkman, who has long lobbied for a starring role on the Swedish team and finally earned it this year. In the semifinal victory over Italy, he won three rubbers. Against the Americans, he did the same, beating Chang in four sets on Friday, teaming with Kulti to beat the makeshift American team of Todd Martin and Jonathan Stark, 6-4, 6-4, 6-4, on Saturday, and then obliterating Stark, 6-1, 6-1, in the meaningless fourth rubber on Sunday. Larsson then completed the sweep with a 7-6 (7-4), 6-7 (6-8), 6-4 victory over Chang.

"I couldn't feel much better," said Bjorkman, whose ranking has rocketed from 69 to four this year. "Everything has gone much better than I was hoping when I started this year."

Bjorkman has improved his groundstrokes and fitness and, in the process, his belief in himself. Always a spectacular shotmaker, he now seems even more convinced that he can will small tennis balls through small gaps. Although he did not serve superbly in Saturday's decisive doubles match, his fast-twitch returns and explosive volleys were simply a level above what Martin and his impromptu partner Stark could consistently handle.

In their last 32 Davis Cup ties, the Americans are 19-0 when they win the doubles and 7-6 when they do not. Clearly, Gullikson, whose contract was extended before this loss, needs to find a solution. Just as clearly, he should not count on his friend Sampras to volunteer his finger to plug up the leaky dike.

The American star said Saturday that he planned on playing less as he grew older and that he was highly unlikely to play in next year's potentially thorny first-round home tie against the Russians.

"I want to play this game for five or seven more years and play it healthy," said Sampras, whose small calf muscle tear is expected to take three to four weeks to heal. "I think I got this from overplaying and not giving myself enough time to rest. This is my fourth trip to Europe in the last month and a half. I sort of would like to have five or six or seven weeks off to enjoy my year and recuperate mentally and physically."

Unlike Edberg and the Swedes, Sampras did not grow up watching Davis Cup ties and does not have the same attachment to it as he does to the Grand Slam events. The record will reflect his ambivalence because in the last five years — the years Sampras has dominated men's tennis — the Americans have won the Cup only once.

The Swedes, who have not had a Grand Slam singles titlist since 1992, have won the Cup twice during that span.

And from the sound of the celebration this weekend in Gothenburg, this northerly tennis nation is not about to stop overachieving: "The Davis Cup," said Bjorkman, "is already in my schedule for next year."



Celestino Stucchi/AP

A somber Michael Chang taking in the trophy ceremony on Sunday.

Iran Celebrates Trip to World Cup

Reuters

MELBOURNE — Valdeir Vieira, the coach of Iran's soccer team, said Sunday that his team should delay its return home to allow celebrations to calm down after the team's qualification for the World Cup finals.

The Brazilian took over as coach less than a month ago. His team beat Australia on Saturday to earn the 32d and final place in next year's finals in France. Iran and Australia tied, 2-2, having drawn 1-1 in Tehran a week earlier. Because it had scored more goals away from home, Iran qualified.

"I will ask the football authorities to consider delaying our return to allow the celebrations to slow down a little," Vieira said. "The Iranian people love football. I would be very sad if there is a crush of people to meet us at the airport."

He added: "I think 70 million Iranian people will gain a great deal from this result. People who are happy do not think about fighting."

Iran trailed 2-0 after 74 minutes when Vieira brought on forward Ebrahmi Tahami for a brief appearance that changed the game.

"Tahami is a very explosive and positive player," said Vieira, who removed a defender to accommodate the change. In less than four minutes, midfielder Karim Bagheri and Khodadad Azizi had scored.

THE 32 FINALISTS

Holder: Brazil
Host: France
European qualifiers: Austria, Belgium, Bulgaria, Croatia, Denmark, England, Germany, Italy, Netherlands, Norway, Romania, Scotland, Spain, Yugoslavia.
South American qualifiers: Argentina, Chile, Colombia, Paraguay
African qualifiers: Cameroon, Morocco, Nigeria, South Africa, Tunisia.
Asian Qualifiers: Iran, Japan, Saudi Arabia, South Korea.
North and Central American and Caribbean qualifiers: Jamaica, Mexico, United States

Vieira then removed Tahami in favor of an extra defender. Despite a late flurry, Australia failed to add to earlier goals by Harry Kewell and Aurelio Vidmar.

Manchester Regains Lead in League

Reuters

Manchester United regained its 3-point lead Sunday in the English Premier League when it crushed the third-place Blackburn Rovers, 4-0.

Ole Gunnar Solskjaer scored twice. Blackburn scored put two goals into its own net and finished with 10 men after Chris Sutton was ejected.

Chelsea had pulled even with United on Saturday when it beat Derby, 4-0. Gianfranco Zola scored a hat trick for the London club.

In Manchester, the Rovers lost Sutton, their top scorer, in the 57th minute for his second yellow card, but by then Solskjaer had scored twice.

In the 60th minute Stephane Henchoz put the ball in his own goal under pressure from Andy Cole, and five minutes from the end of the game Jeff Kenna sidefooted the ball into the Rovers' net.

Arsenal, in fifth place, lost ground when it fell, 1-0, at home to Liverpool. Steve McManaman won the game with a brilliant goal from the edge of the penalty box.

ITALY Inter Milan stretched its unbeaten run in Serie A to 10 matches with a 3-1 victory Sunday at Vicenza. The Vicenza captain, Domenico Di Carlo, hit the post with a 12th minute penalty before Inter took control with two goals in five minutes by Diego Simeone. First, he tapped the ball in from close range in the 33d minute. Then he fired a shot into the roof of the net from the edge of the penalty area. Ronaldo scored Inter's third goal.

SPAIN Real Madrid, the league leader, beat Celta Vigo, 3-1, Sunday in Madrid. Predrag Mijatovic scored the first goal before halftime, and after several missed chances, Raul Gonzalez and Clarence Seedorf scored in the second half. Vladimir Gudelj scored for Celta three minutes from the end.

NETHERLANDS Ajax, the league leader, beat Fortuna Sittard, 2-0, Sunday in Amsterdam. Sunday Oliseh scored the first in the 78th minute and Shota Arveladze the second eight minutes later.

SCOTLAND Celtic won only its second trophy of the 1990s when it beat Dundee United, 3-0, Sunday in the Scottish League Cup final.

A header by Marc Rieper in the 21st minute and a long-range shot by Henrik Larsson three minutes later gave Celtic an early lead.

On Saturday, Gennaro Gattuso and Marco Negri helped the Rangers to an unconvincing 3-2 victory over St. Johnstone.

GERMANY Marian Hristov scored in the final minute to give Kaiserslautern a 2-1 victory over nine-man Hamburg. Kaiserslautern, which was promoted last year, now leads the Bundesliga at halfway stage.

Hristov headed in a pass from Martin Wagner just before the final whistle.

Hamburg's striker Tony Yeboah was ejected in the 41st minute, but Hamburg took the lead in the 58th minute when Hasan Salihamidzic scored.

Ratinho leveled with an acrobatic volley in the 75th minute. Five minutes later, Hamburg midfielder Markus Schopp was sent off for handling the ball.

FRANCE Metz, which would have regained first place with a victory, tied 2-2 Sunday in Bordeaux and is second to Monaco on goal difference.

Robert Pires opened the scoring for Metz in the fifth minute. Lilian Laslandes scored for Bordeaux in the 45th and 53d minutes. Franck Histilloles equalized with 26 minutes left.

Viktor Ikpeba, a Nigerian who was named the African Player of the Year on Sunday, scored both goals as Monaco won, 2-0, Saturday at Chateauroux.

EUROPEAN SOCCER



Ihas Chung/Reuters

United's Gary Pallister going over Rovers' Chris Sutton.



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